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CIN L28920MH1988PLC047335

CODE OF CONDUCT
FOR
BOARD OF DIRECTORS & SENIOR MANAGEMENT

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements), 2015]

ONLY FOR INTERNAL USE

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2	03/04/2019	Amendment in Clauses
3		
4		
5.		
6.		
7.		
8		

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1. GENERAL

Regulation 17 (5)(a) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 requires that the board of directors shall lay down a code of conduct for all members of board of directors and senior management of the listed entity. It further says that the code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.

Regulation 26(3) requires that all members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.

Regulation 46(2)(d) mention that the listed entity shall disseminate information about code of conduct of board of directors and senior management personnel on its website;

The format of compliance certificate required to be furnished by chief executive officer and chief financial officer under Regulation 17(8) shall state that, "There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct."

Further, Regulation 34 (3) read with SCHEDULE V to the Listing Regulations requires that the annual report shall contain the declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.

In view of the above statutory requirement, this code of conduct has been framed and adopted by the Company.

2. DEFINITIONS & INTERPRETATION:

"Act" means the Companies Act, 2013 including any statutory modifications or re-enactment thereof.

"Board Members" shall mean Directors on the Board of Directors of the Company. In the Code, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

"Board of Directors" or "Board" means the Board of Directors of Varroc Engineering Limited; as constituted from time to time.

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“Company” means Varroc Engineering Limited.

“Independent Director” means a director appointed on the Board of the Company as Independent Director and who fulfils the required criteria under the Listing Regulations as applicable from time to time.”

“Listing Regulations” means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Policy” means this policy, as amended from time to time.

“Rules” means the rules made under the Companies Act, 2013.

“SEBI” means the Securities and Exchange Board of India.

“Senior Management” shall mean officers/personnel of the Company who are members of core management team excluding Board of Directors and shall comprise all members of management one level below the Chief Executive Officer/ Managing Director/ Whole time Director/ Manager (including Chief Executive office/Manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

3. APPLICABILITY:

The code shall be applicable to: -

- (a) the Directors and
- (b) the Senior Management Personnel

4. KEY REQUIREMENTS

The Board Members and the Senior Management must act within the authority conferred upon them and in the best interests of the Company and observe the following code of conduct:

A. Honesty & Integrity –

The Directors and Senior Management personnel shall conduct their activities with honesty, integrity and fairness. They shall act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated. The Directors shall act in the best interests of the Company and fulfill their fiduciary obligations.

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B. Conflict of Interest –

The Directors and Senior Management shall not engage in any business, relationship or activity, which may be in conflict with the interests of the Company.

In case there is likely to be a conflict of interest, he/she should make full disclosure of all the facts and circumstances thereof to the Board of Directors and the approval of the Board is required to be obtained.

C. Other Directorships –

The Company feels that serving on the Boards of other companies that are competitors to the Company might involve potential conflict of interest and therefore, all Directors must report / disclose such relationships to the Board on an annual basis.

D. Confidentiality of Information –

Any information concerning the Company's business, its customers, suppliers etc., which is not in the public domain and to which the Directors and Senior Management have access or possess such information, must be considered confidential and held in confidence, unless their disclosure is authorized by the Board or when disclosure is mandatory under any statutory or legal provisions. .

E. Protection of Assets –

The Directors and Senior Management must protect the Company's assets and information and shall not use these for personal purposes, unless approved by the Board.

F. Periodic Review –

Once in every year or upon revision of this Code, every Director must accord consent to comply with the same and the Senior Management must give an undertaking for compliance with the same.

All new Directors shall accord their consent while joining the Board and new Senior Management personnel shall give an undertaking at the time when their employment begins.

5. CODE FOR INDEPENDENT DIRECTORS

The Independent Directors, in addition to the compliance with this Code, shall also comply with and adhere to the Code for Independent Directors framed in accordance

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with the provisions of the Companies Act, 2013 and forming part of this Code and enclosed as “Annexure – I”.

6. ANNUAL COMPLIANCE REPORTING

The Board Members and Senior Management shall affirm compliance with this Code on an annual basis as at the end of each financial year of the Company (as per Confirmation-I) within 7 days of the close of every financial year.

7. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

Each Board Member and Senior Management, both present and future, shall acknowledge receipt of the Code or any modification(s) thereto, in the acknowledgement form annexed to this Code as Appendix – II and forward the same to the Compliance Officer

8. ENFORCEMENT OF CODE OF CONDUCT

Each Board Member and Senior Management shall be accountable for complying with the Code. The penalty for breach of the Code by shall be determined by the Audit Committee of the Board of Directors.

9. REVIEW & AMENDMENTS

This code may be amended, modified, varied or waived by the Board as may be deemed necessary in the interests of the Company and subject to the provisions of applicable laws, regulations or guidelines.

Date :

Place :

Managing Director

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ANNUAL CONFIRMATION - I

Date:

To
The Board of Directors
Varroc Engineering Limited
Plot No. L-4, MIDC, Waluj,
Aurangabad -431136 (M.S.)

Dear Sirs/Ma'am,

Sub: Confirmation of compliance with the Code of Conduct for Board and Senior Management as per Regulation 26(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

I, (*Name of Director/ Senior Management Personnel*), (*Designation*) of Varroc Engineering Limited, do hereby confirm that I have read and understood the Code of Conduct applicable to the Board of Directors and Senior Management of the Company and that to the best of my knowledge and belief, I have complied with the requirements of this Code during the preceding financial year (*mention previous year*) and / or I affirm that I will comply with the requirements of this Code during the current financial year (*mention current year*).

*Further, I hereby declare and confirm that I have entered into following material, financial and commercial transaction which are in a potential conflict with the interest of the Company.

Sl no.	Description and nature of transaction	Amount involved
1		
2		

Or

Further, I hereby declare and confirm that I have not entered into any material, financial and commercial transaction which was in a potential conflict with the interest of the Company.
(*Delete Whichever is not applicable*)

*(applicable only for senior Management Personnel)

(Signature)

(Name of Director/ Senior Management Personnel)

(Designation)
(DIN, if any)

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ANNEXURE – I - CODE FOR INDEPENDENT DIRECTORS

VARROC ENGINEERING LIMITED

This Code is a guide to professional conduct for independent directors and the independent directors are expected to adhere to these standards and fulfil their responsibilities in a professional and faithful manner. This Code shall form part of the Code of Conduct for Board of Directors and Senior Management.

I. Guidelines of professional conduct

The independent directors are expected to adhere to the following guidelines/ standards while conducting their professional duty.

1. Independent directors shall uphold ethical standards of integrity and probity in the interests of the Company;
2. They shall act objectively and constructively while exercising their duties;
3. They shall exercise their responsibilities in a bona fide manner in the interest of the Company;
4. They shall devote sufficient time and attention to their professional obligations for informed and balanced decision making;
5. They shall not allow any extraneous considerations that will vitiate their 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. They shall not abuse their 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. They shall refrain from any action that would lead to loss of their independence;
8. They shall immediately inform the Board where circumstances arise which make them lose their independence;
9. They shall assist the Company in implementing the best corporate governance practices.

II. Role and functions

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1. The independent directors shall 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. They shall bring an objective view in the evaluation of the performance of the Board and management;
3. They shall scrutinise the performance of management in achieving agreed goals and objectives and monitor the reporting of performance;
4. They shall satisfy themselves on the integrity of financial information, and that the financial controls and the systems of risk management are robust and defensible;
5. They shall safeguard the interests of all stakeholders, particularly the minority shareholders;
6. They shall balance the conflicting interests of the stakeholders;
7. They shall 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. They shall moderate and arbitrate in the interest of the Company as a whole in situations of conflict between management and shareholders' interests.

III. Duties

1. The independent directors shall undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
2. They shall 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. They shall strive to attend all meetings of the Board of Directors and of the Board committees of which they are members;
4. They shall participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. They shall strive to attend the general meetings of the Company;
6. Where they have concerns about the running of the Company or a proposed action, they shall ensure that these are addressed by the Board and, to the extent that they are not resolved, they shall insist that their concerns are recorded in the minutes of the Board meeting;

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7. They shall keep themselves well informed about the Company and the external environment in which it operates;
8. They shall not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. They shall 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. They shall ascertain and ensure that the Company has an adequate and functional vigil mechanism and ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. They shall report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
12. They shall, while acting within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
13. They shall 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. Re-appointment

1. The re-appointment of independent directors shall be on the basis of the report on their performance evaluation.

V. Resignation or Removal

1. An independent director may resign from his office by giving a notice in writing to the Company and to the Registrar of Companies in the manner and in accordance with the provisions of section 168 of the Companies Act, 2013 ("the Act").
2. An independent director may be removed from his office in accordance with the provisions of section 169 of the Companies Act, 2013.

VI. Separate meetings

1. The independent directors shall hold at least one meeting in a Financial year, without the attendance of non-independent directors and the members of management of the Company;
2. All the independent directors shall strive to be present at such meeting;
3. Such meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;

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- (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.

VII. Performance Evaluation

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 re-appoint the independent director or not

VIII. Training Programme

The independent directors shall attend the training programme as may be organized by the Company in order to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

IX. Adherence to the Applicable Laws

1. The independent directors shall adhere to the provisions of the Companies Act, 1956 and the Companies Act, 2013 to the extent and as may be applicable to them.
2. They shall comply with the provisions of the Listing Agreement signed by the Company with the Stock Exchanges.
3. They shall comply with the Code of Conduct for Board of Directors and Senior Management.
4. They shall comply with the Code of Business Ethics of the Company.
5. They shall comply with all the laws to the extent and as may be applicable to the Company.
6. They shall give a declaration that they meet the criteria of independence as provided in section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 as amended from time to time in the format as given in '*Declaration - I*' at the first meeting of the Board in which they participate as directors and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect their status as an independent director.
7. They shall, from time to time, furnish to the Company such declarations, disclosures and statements as may be required to be furnished by the Directors under the relevant laws.

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8. An independent director shall be held liable in respect of such acts of omission or commission by the Company, which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in the Companies Act, 1956 or the Companies Act, 2013 and the Listing Agreement.

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DECLARATION - I

Date:

To

The Board of Directors
Varroc Engineering Limited
Plot No. L-4, MIDC, Waluj,
Aurangabad – 431136 (M.S.)

Dear Sirs,

Sub: Declaration to act/ continue as an Independent Director in pursuance of the provisions of Section 149 of the Companies Act, 2013 read with Regulation 25 of SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015

I, (Name of Independent Director), Independent Director of Varroc Engineering Limited, do hereby declare that:

- (a) I am a person of integrity and possess relevant expertise and experience;
- (b) (i) I am or was not a promoter of the Company or its holding, subsidiary or associate company or member of the promoter group of the Company;
(ii) I am not related to promoters or directors of the Company, its holding, subsidiary or associate company;
- (c) I do not have / had pecuniary relationship, other than remuneration as such director or having transaction exceeding ten per cent of my total income or such amount as may be prescribed, with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of my relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent (2%) or more of its gross turnover or total income or fifty lakh rupees (Rs.50,00,000/-) or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) none of my relatives—
 - i. is holding any security of or interest of face value exceeding fifty lakh rupees or two per cent of the paid-up capital of the company or such sum as may be prescribed in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

- ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of fifty lakh rupees (Rs.50,00,000/-) during the two immediately preceding financial years or during the current financial year;
- iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for fifty lakh rupees (Rs.50,00,000/-) during the two immediately preceding financial years or during the current financial year; or
- iv. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);]

(f) Neither myself nor any of my relatives—

(i) hold or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which I am appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which I am appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent (10%) or more of the gross turnover of such firm;

(iii) hold together with my relatives two per cent (2%) or more of the total voting power of the Company; or

(iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent (25%) or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent (2%) or more of the total voting power of the Company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the Company;

(g) I possess appropriate balance of skills, experience and knowledge in fields / disciplines related to the Company's business;

(h) I am not less than 21 years of age; and

(i) I am not a Non-independent Director of any Company on the Board of which any non-independent director of the Company is an Independent Director.

Further, I do hereby solemnly affirm that I am not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact my ability to discharge duties with an objective independent judgment and without any external influence.

Signature

(Name of Independent Director)

(Designation and DIN)