

KAY POWER AND PAPER LIMITED
CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

An Ethical Business conduct is the key for business carried out by any company. With this in Mind the board of directors have adopted a code of business conduct and ethics which helps maintain a strict standard, complying to legal requirements. The Code of business conduct has helped us deter wrongdoings and promote ethical conduct. The points covered in the Code of conduct and ethics are of importance to the company, our shareholders and business partners equally.

The Code is designed to assist in defining appropriate personal and professional conduct, to provide guidance in the identification and resolution of ethical issues, and to help the members of the Board, members of the Senior Management and all Employees of the Company to maintain the culture of honesty, integrity, transparency and accountability. Since no code or policy can anticipate every situation that may arise, this Code is intended to provide guidance for handling unforeseen situations which may arise.

Each Director, members of the Senior Management and Employees must comply with the letter and spirit of this Code.

For the purpose of this Code, 'Senior Management' would comprise members of the management one level below the executive directors, including all functional heads.

APPLICABILITY OF CODE TO DIRECTORS, MEMBERS OF THE SENIOR MANAGEMENT AND EMPLOYEES OF THE COMPANY

The Code applies to the members of the Board of Directors, members of the Senior Management and all Employees of the Company across the Board.

HONESTY & INTEGRITY:

All Directors and Senior Management Personnel shall conduct their activities, on behalf of the company and on their personal behalf, with honesty, integrity and fairness. They shall act in good faith, responsibility, with due care, competence and diligence, without allowing their independent judgment to be subordinated. They shall act in the best interests of the company and fulfil their fiduciary obligations.

NATIONAL INTEREST:

Company is committed to benefit the economic development of the country in which it operates. Company shall not undertake any project or activity to the detriment of the wider interests of the communities in which it operates.

Company's management practices and business conduct shall benefit the country, localities and communities in which it operates. To the extent possible and affordable and shall be in accordance with the law of land. It shall conform to trade procedure including licensing, documentation and other necessary formalities as applicable.

CONFLICT OF INTEREST:

Each Director, every member of the Senior Management and every employee should endeavor to avoid any conflict of interests with the Company. A 'conflict of interest' exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. The Directors, members of the Senior Management and employees must avoid situations involving actual or potential conflict of interest.

Conflict of interest may also arise when a Director or a member of the Senior Management or an employee or members of his or her family, or an organization with which the Director or Senior Management or employee is affiliated, receives improper benefits as a result of the Director's or Senior Management's or Employee's position.

Any situation that involves or may involve a conflict of interest must be promptly disclosed to the Company's Compliance Officer or Chairman of the Audit Committee. No transaction which involves an actual or potential conflict of interest should be undertaken without prior approval of the Compliance officer and the Chairman & Whole Time Director and Managing Director and in case of Directors with the approval of the Board of Directors.

REGULATORY COMPLIANCE:

All Directors, members of the Senior Management and Employees of the Company must respect and comply with all laws, rules and regulations of India and other countries in which the Company conducts its business. Violating the law must be avoided under all circumstances, especially violations punishable by imprisonment, monetary penalties and fines.

FAIR DEALING:

Each Director, member of the Senior Management and Employee should endeavour to deal fairly with the Company's customers, suppliers, dealers, investors, competitors and employees. No Director or member of the Senior Management or Employee of the Company should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

In addition to strict compliance with all legal aspects, all Directors, members of the Senior Management and Employees are expected to observe the highest standards of business and personal ethics in the discharge of their assigned responsibilities.

GIFTS AND DONATIONS:

Under no circumstances the Directors, members of the Senior Management or Employees of the Company shall solicit, accept or agree to accept anything of value for the benefit of any person from anyone doing or seeking to do business with the Company that is perceived as intended, directly or indirectly, to influence any business decision. Invitations from business partners, especially suppliers may only be accepted if the occasion and the scope of the invitation are appropriate and if refusing the invitation is discourteous.

CORPORATE OPPORTUNITY:

The Directors, members of the Senior Management and Employees shall not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board of Directors declines to pursue such opportunity.

The Directors, members of the Senior Management and Employees are prohibited from (a) taking for themselves personally any opportunity that properly belongs to the Company or is discovered through the use of corporate property, information, or position; (b) using corporate property, information, or position for personal gain; and (c) competing with the Company.

If a Director or a member of the Senior Management or an Employee reasonably believes that a contemplated transaction might be a corporate opportunity or a competitive transaction, the Director or member of the Senior Management or Employee should make full disclosure to the entire Board through the appropriate channel and seek its authorization to pursue such transaction.

CONFIDENTIALITY:

The Company's confidential information is a valuable asset. The Company's confidential information includes product information, product plans and list of customers, dealers and employees and financial information. All confidential information must be used for Company business purpose only. Every Director, member of the Senior Management and Employee must safeguard it.

The Directors, members of the Senior Management and Employees must maintain the confidentiality of the information entrusted to their knowledge by the Company or its customers and any other information which comes to them about the Company, except when disclosure is authorized or legally required. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company if disclosed.

PROTECTING COMPANY ASSETS:

All Directors, members of the Senior Management and employees at all levels should protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have direct impact on the Company's profitability.

Officers must protect the Company's Assets and should endeavour not to exploit them for their own personal gains.

Alongside, officers may also not exploit for their own personal gains any opportunities discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors.

ENCOURAGING THE REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOUR:

The Directors and members of the Senior Management should endeavour to ensure that the Company (a) encourages employees to talk to their superiors and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violation of laws, rules, regulations or the Company's Code of Conduct to appropriate personnel; (c) informs employees that the Company will not allow retaliation for reports made in good faith.

INSIDER TRADING IN SECURITIES:

It is prohibited to trade in securities or to tip others to trade in securities of Kay Power and Paper Ltd. on the basis of insider information before it is made available to the public and information about the event has been sufficiently disseminated in public to enable investors to evaluate it. 'Insider information' means any information which is not public knowledge and which can be used to influence an investor's decision to purchase, sell or keep a security.

Insider trading rules are strictly enforced, even in instances when the financial transactions seem small. The Company has imposed a trading blackout period on members of the Board of Directors, Senior Management and Employees who, as a consequence of their position with the Company, are more likely to be exposed to material non-public information about the Company. These Directors, members of the Senior Management team and Employees are prohibited from trading in company's securities during the blackout period.

To avoid the appearance that any Director, member of the Senior Management or an Employee is trading on inside information, no Director or member of the Senior Management or an Employee directly or indirectly should engage in short sales or trade in puts, calls or other options on the securities of the Company.

The purpose of this policy is both to inform of the legal responsibilities and to make clear to the Directors, members of the Management team and Employees of the company that the misuse of sensitive information is contrary to Company policy and applicable securities regulation laws of India.

ADMINISTRATION AND WAIVER:

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this code is subject to modification. Any waiver of any provision of this Code for Director or member of the Senior Management of the Company or an Employee may be granted only by the Board of Directors, upon recommendation of the Audit Committee and shall be promptly disclosed as required by any applicable law. Any waiver must be accompanied by appropriate controls designed to protect the Company.

MONITORING CODE COMPLIANCE:

Each Director, member of the Senior Management of the Company and an Employee is expected to monitor his or her personal compliance with this Code. An Annual reaffirmation of compliance with this Code is required of all Directors and all members of the Senior Management and Employees of the Company.

PERIODIC REVIEW:

Once in every year or upon revision of this Code, every Director/ Senior Management Personnel must acknowledge and execute an understanding of the Code and an agreement to comply. New Directors/ Senior Management Personnel will sign such a deed at the time when their directorship/Employment begins.

ALIGNMENT ON POLITICAL MATTERS:

The Board members/senior management personnel shall be committed to and support a functioning democratic constitution and system with fair electoral system in India. They shall not support, directly or indirectly, any specific political party or candidate for political office, without appropriate approvals. The Company shall not offer or give any company's funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign if it is violating any law.

HEALTH SAFETY & ENVIRONMENT:

The company shall strive to provide a safe and healthy working environment for all its employees including contract workmen and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. The officers shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

FINANCIAL REPORTING AND RECORDS PRACTICES:

The Company's responsibilities to its stockholders and the investing public require that all transactions be fully and accurately recorded in the Company's books and records in compliance with all applicable laws. All required information shall be accessible to the company's auditors and other authorized persons and government

agencies. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation or approval are strictly prohibited and violate Company policy and the law. No wilful omission/ commission of any transactions from the books and records should be done. Any wilful material misrepresentation of and/or misinformation of the financial accounts and reports shall be regarded as a violation of the Code apart from inviting appropriate civil or criminal action under the relevant laws.

The MD, JMD, CEO and CFO shall produce a Certificate about financial reporting pursuant to Clause 49 of the Listing Agreement.

QUALITY OF PRODUCTS AND SERVICES:

Company shall be committed to supply goods and services of prescribed quality standards, backed by after sales services consistent with the requirements of its customers, while striving for their total satisfaction. The quality standards of the Company's goods & services shall meet applicable national and international standards.

DISCRIMINATION AND HARASSMENT:

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment based on race, colour, religion, caste, gender, national origin, designation or any other protected class. For further information please consult the appropriate Company policy.