



## **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

### **I. INTRODUCTION**

Lahoti Overseas Limited “Company” has adopted this Code of Conduct for Board Members and Senior Management Personnel (“Code”) to conduct the business of the Company in accordance with the applicable laws, regulations, rules and with the highest standard of ethics and values in the Board meeting.

The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the Board Members by the Stakeholders of the Company. Board Members are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.

This Code envisages that the Board of Directors of the Company (“Board”) and Senior Management must act within the bounds of the authority conferred upon them and with a duty to comply with the requirements of applicable law.

### **II. APPLICABILITY**

This Code is applicable to Board Members and Senior Management Personnel of the Company. This Code shall come into force as contained hereinabove.

Each Board Members & Senior Management Personnel undertakes to abide by this Code and shall submit a declaration that he/she shall not violate this Code framed by the Company. A Performa of Annual Compliance Report is specified as **Annexure-I**.

The Board of Directors reserves its right to alter / amend / modify / enlarge the scope, extent and applicability of this Code to the employees of the Company. Board member means all members of Board of Directors of the Company including Non-Executive & Independent Directors and Alternate Directors.

**Senior Management Personnel** shall mean officer and personnel of the listed entity who are members of its core management team excluding Board of Directors and shall also comprise all members of management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the board) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

(Both the Board Members & Senior Management Personnel are hereby referred to as “Designated Person/s”)



### **III. HONESTY & INTEGRITY**

All Designated Person/s are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct, while conducting Company's business.

### **IV. CONFLICT OF INTEREST**

All Designated Person/s are expected to adhere to lawful and ethical business practices at all times. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Chairman & Managing Director of the Company.

A conflict of interest can occur when:

- Personal interest of Designated Person/s is adverse to or may appear to be adverse to the interest of the Company
- A Designated Person/s and/or a member of his/her family as defined by the Insider Trading Regulations of the Company receives improper personal benefits as a result of his/her designation in the Company.

Some of the common conflicts, which are prohibited, are as follows:

- Bribery:

Use of company's funds or property for illegal, unethical or otherwise improper purposes, including bribes, kickbacks and payoffs are prohibited. Bribery is the giving of money or anything else of value in an attempt to influence unlawfully the action of a public interest.

No employee should pay, offer or authorise any bribe or make any other unlawful payment on behalf of the Company. This prohibition extends to payments to consultants, agents or other third parties when you have reason to believe that some part of the payment or "fee" will be used for a bribe or to otherwise improperly influence government action.

- Gifts:

Designated Person/s may not offer, give or receive gifts from/to persons or entities dealing with the Company in those cases where any such gift is being made in order to influence the actions or where acceptance of the gift could create the appearance of a conflict of interest.

Any member may provide gifts, promotional items etc at Company's expenses but in the normal course of business.



- Business Interests:

Designated Person/s and their relatives shall not invest in the business of any competitor of the Company. Before making any substantial investment in the business of the competitor, the Designated Person/s shall take permission from the Board of Directors of the Company.

## **V. Compliance with Laws, Rules and Regulations**

Designated Person/s are required to comply with all applicable governmental laws, rules and regulations. Designated Person/s must acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers. In order to assist the Company in promoting lawful and ethical behaviour, Designated Person/s must report any possible violation of law, rules, regulation of this Code to the Company Secretary & Compliance Officer of the Company.

## **VI. Related Parties**

Contracts and arrangement by the Designated Person/s & Related Parties should be avoided, however in case of business expediency it is necessary to enter into transaction the proposal should be intimated to the Company and only after obtaining the requisite approvals from the Board, the concerned Designated Person/s should enter into the transaction with the related party.

### **Extract of Section 2(77) of the Companies Act, 2013 and Rules Thereunder**

Meaning of Relative:

“relative”, with reference to any person, means anyone who is related to another, if—

- they are members of a Hindu Undivided Family;
- they are husband and wife; or
- one person is related to the other in such manner as may be prescribed;

### **Rule 4 of The Companies (Specification of definitions details) Rules, 2014 - prescribed as under:**

List of relatives in terms of clause (77) of section 2:- A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (1) Father: provided that the term “Father” includes step-father.
- (2) Mother: Provided that the term “Mother” includes the step-mother.
- (3) Son: Provided that the term “Son” includes the step-son.
- (4) Son’s wife.
- (5) Daughter.
- (6) Daughter’s husband.



(7) Brother: Provided that the term “Brother” includes the step-brother;

(8) Sister: Provided that the term “Sister” includes the step-sister.

## **VII. Confidential Information**

Designated Person/s must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the company that comes to them, from whatever source, in their capacity as Designated Person/s, except when the disclosure is authorised or legally mandated or the same is part of the public domain at the time of disclosure.

## **VIII. Insider Trading**

All Designated Person/s shall comply with the Insider Trading Regulations as laid down by SEBI and the Company.

## **IX. Protection of Assets and Information**

The Designated Person/s entrusted with property belonging to the Company are responsible for the careful use, protection, expenditure and administration of such assets. They must also pay attention to Information Technology as well as Intellectual Property aspects.

## **X. Health, Safety and Environment**

The Directors and Senior Management 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.

## **XI. Duties of Board Members**

- Subject to the provisions of the Companies Act, 2013 a Board Member of the company shall act in accordance with the articles of the company.
- A Board Member of the company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole.
- A Board Member of the company shall act in the best interest of, and fulfil their fiduciary obligations to the Company and its shareholders.
- A Board member of the company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgement.
- A Board Member of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts with the interest of the company.



- A Board Member shall not assign his office and any assignment so made shall be void.

## **XII. Specific guidelines to Independent Directors**

In addition to the general code of conduct for the Directors and other personnel referred to in this code, the guidelines as specified in **Annexure II** of conduct shall also be complied with by the Independent Directors.

## **XIII. Violation of the Code**

Violation of this Code of Conduct by Designated Person/s will be viewed seriously and may result in disciplinary action including possible dismissal.

## **XIV. Continual updation of the Code**

This Code is subject to continuous review and updation in line with any changes in law, changes in company's philosophy, vision, mission, values, business plans or otherwise as may be deemed necessary by the Board. All Directors and Senior Management Personnel shall be duly informed of such amendments and modifications.

## **XV. Posting of the Code on website**

Pursuant to SEBI (LODR) Regulations, 2015, this Code and any amendments thereto shall be circulated to all Designated Person/s and also posted on the website of the Company.

## **XVI. Clarification**

Any Designated Person/s requiring any clarification may take up the issue with Company Secretary/Compliance Officer of the Company.



**LAHOTI**  
OVERSEAS LIMITED

**ANNEXURE I**

**CODE OF BUSINESS CONDUCT & ETHICS FOR  
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

**ANNUAL COMPLIANCE REPORT**

I, \_\_\_\_\_ (name),  
\_\_\_\_\_ (Designation), do hereby solemnly  
affirm to the best of my knowledge and belief that I have fully complied with and has not  
violated the provisions of the Code of Business Conduct & Ethics for Board members & Senior  
Management Personnel during the financial year ending March 31, \_\_\_\_\_.

Signature:

Name:

Designation:

Date:

Place:



**ANNEXURE II**

**Schedule IV of the Companies Act, 2013 [See Section 149(8)]**

**Code of Independent Directors**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**Guidelines for Professional conduct:**

1. To uphold ethical standards of integrity and probity;
2. To act objectively and constructively while exercising your duties;
3. To exercise their responsibilities in a bona fide manner in the interest of the Company;
4. To devote sufficient time and attention towards their professional obligations for informed and balanced decision making;
5. To 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. To 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. To refrain from any action that would lead to loss of their independence;
8. Where circumstances arise which make an independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
9. To assist the Company in implementing the best corporate governance practices.

**Role and Functions:**

1. Assist 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. Bring an objective view in the evaluation of the performance of Board and management.
3. Scrutinize the performance of management in meeting with respect to agreed goals and objectives and monitor the reporting of performance.
4. Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
5. Safeguard the interests of all stakeholders, particularly the minority shareholders.
6. Balance the conflicting interest of the stakeholders.
7. 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. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**Duties:**

1. Undertake appropriate induction and regularly update and refresh your 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 at the expense of the Company.
3. Strive to attend all meetings of the Board including a Separate meeting of the independent director and of the Board committees of which they are a member.
4. Participate constructively and actively in the committees of the Board in which they are chairperson or member.
5. Strive to attend the general meetings of the Company.
6. 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.
7. Keep themselves well informed about the Company and the external environment in which it operates.
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
9. 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. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
11. Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
12. Acting within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
13. 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.

**Manner of Appointment:**

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.





2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made there under and that the proposed director is independent of the management.

4. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (D and O) insurance, if any;

(e) the Code of Business Ethics that the company expects its directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **Resignation or Removal:**

1. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within 3 months from the date of such resignation or removal, as the case may be.

3. Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.



**Separate Meetings:**

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

**Evaluation Mechanism:**

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 extend or continue the term of appointment of the independent director.