

**DHANLAXMI FABRICS LIMITED**  
**CIN: L17120MH1992PLC068861**

## **Code of Conduct for Directors and Senior Management**

**(Effective from April 1, 2019)**

## Code of Conduct for Directors and Senior Management

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### **Preamble:**

All Directors and Senior Management must act within the bounds of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interest of the Company and its Stakeholders.

**With a view to maintain the high standard the following rules / code of conduct is laid down by the Board which should be observed in all activities of the Board. The compliance officer for the purposes of the code will be available to answer questions and to help Directors and senior management to comply with the code.**

#### **1) Integrity -**

All Directors and Senior Management shall act in the fiduciary capacity while conducting their activities on behalf of the company. They should also act with utmost honesty, integrity and fairness. They will act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated. All their acts will be in the best interest of the company.

#### **2) Compliance -**

All the Directors and the Senior Management are required to comply with all applicable laws, rules and regulations. In order to assist the company in promoting lawful and ethical behavior, Directors and Senior Management must report any possible violation of law, rules, regulations or the code of conduct, to the Compliance Officer.

#### **3) Conflict of Interest -**

Directors on the Board of the Company and the Senior Management shall not engage in any business relationship or activity, which may be in conflict with the interest of the Company or its subsidiaries / associates.

Following are the circumstances which will amount to conflict of interest.

- a) Directors / Senior Management should not engage in any activity / employment that interferes with the performance or responsibility to the company or is otherwise in conflict with or prejudicial to the company.
- b) Directors / Senior Management and their immediate family members should not invest in a company, customer, supplier, or competitor and generally refrain from investments that compromise their responsibility to the company.
- c) Directors / Senior Management should avoid conducting business with the Company either directly or through a relative or through a firm / company in which he/she or a relative / related party is associated in any significant manner.

If such related party transaction is required to be entered into, it must be fully disclosed to the Board or to the CFO of the company in advance, to enable him to seek appropriate approvals of the Board.

The Board thereafter shall comply with all the applicable provisions of the Companies Act, 2013/ SEBI Regulations and Listing Agreement Clauses.

**4) Other Directorships -**

It is necessary that all the Directors as well as Senior Management must report / disclose their Directorships in other corporates to the Board on an annual basis. It is felt that serving on the Board of Directors of a competitor is not in the interest of the company and hence the approval of Board is essential.

**5) Confidentiality and Trade Secrets -**

Any information concerning the company's business, its customers, suppliers etc., which is not in the public domain and to which the Director has access or possesses such information, must be considered confidential and held in confidence, unless authorized to disclose so or when disclosure is required under the laws of the country. No Director shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorized.

**6) Insider Trading -**

Any Director of the Company and Senior Management shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the company, not in public domain and which therefore constitutes insider information. All Directors and members of Senior Management will comply with Insider Trading Regulations as issued by SEBI and the Code of Insider Trading of the Company.

**7) Gifts & Donations -**

No Director of the Company or Senior Management shall receive or offer, directly or indirectly, any gifts, remuneration, hospitality, illegal payments and comparable benefits which are intended (or perceived to be intended) to obtain business favour or decisions for the conduct of business. Nominal gifts of commemorative nature, for special events may be accepted.

**8) Protection of Assets -**

Directors and Senior Management must protect the company's assets and information and no member of Board and Senior Management will use these for personal use, unless approved by the Board.

**9) Reporting Concerns -**

All the events such as bribery, corruption and sexual harassment must be reported to the Board immediately.

**10) Whistle Blower Policy -**

The Board has put in place a Whistle Blower Policy and anybody having any concern/matters which he /she thinks worth reportable to the management of the Company, is free to approach the Chairman of the Audit Committee and can report his/her concern to him in suitable manner either verbally or in writing. The Chairman of the Audit Committee will take suitable action in the matter if he so thinks fit and proper. However the person reporting the concern shall be fully protected/safeguarded against all kinds of threats and probable victimization from any quarter.

## **11) Duties of Directors-**

The Directors of the Company shall comply with the provisions of section 166 of the Companies Act, 2013.

They will discharge their duties as a director of the Company as laid down under the provisions of the Companies Act, 2013 and that :

- I. Subject to the provisions of the Companies Act, 2013, they will act in accordance with the Company's Articles of Association.
- II. They will act in good faith, in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company, its employees, the shareholders, the community and for the protection of environment.
- III. They will discharge their duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- IV. They will not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- V. They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
- VI. They shall not assign their office as Director and any assignments so made shall be void.

## **12) Code for Independent Directors -**

The Independent Directors shall also comply with the requirements of the Code as prescribed under Schedule IV to the Companies Act, 2013 :

- a) That they will follow "Code of Independent Directors" as laid down vide Schedule IV to the Companies Act, 2013 and conduct themselves and perform their Roles and Duties as laid down in the above referred schedule.
- b) That Independent Directors shall bring in the independent judgment on Board's deliberations especially on strategy, performance, risk management, resources, key appointments and standards of conduct.
- c) That they will assess performance of Board as a whole, its Chairperson and Management.
- d) That they will constructively and actively participate in the Board and / or Committee deliberations.
- e) That they will safeguard the interest of all stakeholders, particularly the minority shareholders.
- f) That Independent Directors shall satisfy themselves about the integrity of financial information, and that the financial controls and the systems of risk management are robust and defensible.
- g) That Independent Directors will determine appropriate levels of remuneration for Executive Directors, key managerial personnel and senior management and shall

have a prime role in appointment and recommend the removal of Executive Directors, key managerial personnel and senior management when circumstances warrant.

- h) Keep themselves well informed about the company and the external environment in which it operates.
- i) Acting within the authority they shall assist in protecting the legitimate interests of the Company, shareholders and its employees.

### **13) Duties of Independent Directors :**

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 at the expense of the Company;
- (3) strive to attend all Meetings of the Board of Directors and of the Board Committees of which he / she is a member;
- (4) participate constructively and actively in the Committees of the Board in which they are Chairpersons or Members;
- (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 / Whistle Blower Policy 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 behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- (12) acting within his/her 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.

**14) Periodic Review -**

Once every year and upon revision of this code, every Director must acknowledge and execute an understanding of this Code and an agreement to comply. New Directors will sign such a deed at the time when their Directorship begins.

**14) Disclosure -**

The directors of Company shall make all the required disclosures from time to time to the Board as per provisions of relevant applicable laws and regulations.

**For Dhanlaxmi Fabrics Limited**

**Mr. Vinod Jhavar**  
**(Managing Director)**  
**DIN: 00002908**