

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF WELGA FOODS LIMITED

INTRODUCTION

This new code of Conduct (hereinafter referred to as “the Code”) has been framed and adopted by “**WELGA FOODS LIMITED LIMITED**” (hereinafter referred to as “the Company”) with a view of good corporate governance and in compliance with the provisions of clause 49 of the Listing Agreement.

Ethical business conduct is critical to the business carried on by the Company. Keeping this in mind, the Board of Directors of the Company have adopted the Code and Ethics which helps maintain the standards of business conduct for the Company and ensures compliance with the legal requirements more particularly with the revised provisions of clause 49 of the listing agreement of the Stock Exchange(s).

The purpose of this code is to enhance further an ethical and transparent process in managing the affairs of the Company and to deter wrong doing. The matters covered in the code are of utmost importance to the Company, our shareholders and business partners.

The Code came into force and further amendments/modifications was carried out by the Board in line with the revised clause 49 of the Listing Agreement and the provisions of the Companies Act, 2013 and the Rules made thereunder as approved by the Board.

DEFINITIONS AND INTERPRETATION

- i) "Board / Board of Directors" means the Board of Directors of the Company, as constituted from time to time.
- ii) “Independent Director” means an Independent Director as defined under section 2(47) of the Companies Act, 2013 and the Listing Agreement; as amended from time to time.
- iii) "Relative" means 'relative' as defined in Section 2(77) of the Companies Act, 2013 and the Rules made thereunder and includes the following:
 - Members of a Hindu undivided family
 - Husband or wife;
 - Father (including step-father);
 - Mother (including step-mother);
 - Son (including step-son);
 - Son’s wife; Daughter;
 - Daughter’s husband;
 - Brother (including step-brother); or
 - Sister (including step-sister).

- iv) "Senior Management Personnel" means the Managing Director, Executive Director, Chief Executive Officer, Company Secretary, Chief Financial Officer, all Departmental / Functional heads and all Key Managerial Personnel of the Company.

APPLICABILITY

This Code shall be applicable to the following persons:

- (a) All members of the Board of Directors of the Company; and
- (b) Senior Management Personnel as defined in clause (iv) above of the Code.

PHILOSOPHY OF THE CODE

The code envisages and expects that the Board Members and Senior Management Personnel must act within the authority conferred upon and in the best interest of the Company and its shareholders and observe the following:

- (a) Shall act in accordance with the highest standard of honesty, integrity, fairness and ethical conduct while working for the Company as well representing the Company without allowing their independent judgment to be subordinated and fulfill their fiduciary obligations. Honest conduct is considered to be the conduct that is free from fraud and / or deception.
- (b) Ethical conduct is considered to be the conduct conforming to the accepted professional standards of conduct and includes ethical handling of actual or apparent conflicts of interest between personnel and professional relationship.
- (c) Shall not involve themselves in making any decision on a subject matter in which a conflict of interest arises or could arise, between the personal interest and the interest of the Company. In the event of apprehending of such conflict of interest, the relevant facts shall be disclosed explaining the circumstances that create or could create the conflicts of interest to the Board of Directors for further directions in the matter.
- (d) Shall try to avoid having any personal and / or financial interest in any business dealings concerning the Company.
- (e) Shall try to avoid any relationship with a contractor or supplier that could compromise the ability to transact business on a professional, impartial and competitive basis or influence decision to be made by the Company.
- (f) Shall not serve as a Director of any other company or as a partner of a firm that competes with the Company. The Directors and Senior Management Personnel shall obtain approval of Chairman prior to accepting directorship of any such company or partnership of such Firm. Further, they shall inform the Board of any changes in their board positions, relationship with other businesses (including charitable).

- (g) Shall not exploit for their own personal gain, opportunities that are discovered through the use of Company's property, information or position, unless the opportunity is first disclosed in writing to the Company's Board of Directors.
- (h) Shall not seek or accept or offer directly or indirectly any gifts, donations, remuneration, hospitality, illegal payments, favour in whatsoever form howsoever described by the customers, vendors, consultants, etc., that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, opportunity for committing any fraud.
- (i) Shall comply with all applicable laws, rules and regulations. Directors and Senior Management Personnel must acquire appropriate knowledge of the legal requirements relating to the duties sufficient to enable them to recognize potential dangers. Violations of applicable governmental laws, rules and regulations may subject Directors & Senior Management Personnel to individual criminal and/or civil liability.
- (j) 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 therefore constitute insider information. The Board Members and Senior Management Personnel shall make timely disclosures of (i) trading in the shares of the Company, (ii) transactions having personal interest and (iii) related party transactions that are required to be made under laws, rules & regulations and Code for prevention of Insider Trading in the Securities of the Company.
- (k) Directors / Senior Management Personnel are required to maintain the confidentiality of all confidential information that they receive or become privy to in connection with the Company's business, except when disclosure is authorised or legally mandated. Confidential information includes all nonpublic information that might prejudice the ability of the Company to pursue certain objectives, be of use to competitors or harm the Company, its suppliers or its advertisers, if disclosed.
- (l) Shall protect the Company's assets, labour and information and may not use these for personal use, unless authorized to do so. Proper care should be taken to ensure that Company's assets are not misappropriated, loaned to others, or sold or donated, without appropriate authorization. Company's assets must be safeguarded against loss, damage, misuse or theft.
- (m) In addition to strict compliance with all legal aspects, all Directors, members of the Senior Management and officers are expected to observe the highest standards of business and personal ethics in the discharge of their assigned responsibilities.

DUTIES OF DIRECTORS AS PRESCRIBED UNDER SECTION 166 OF THE COMPANIES ACT, 2013

In addition to the compliance required to be done by a Director under the various applicable laws and the Articles of Association of the Company, the following duties have been prescribed under section 166 of the Companies Act, 2013:

- a) A Director of a company shall 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 interests of the company, its employees, the shareholders, the community and for the protection of environment.
- b) A Director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- c) A Director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- d) A Director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- e) A Director of a company shall not assign his office and any assignment so made shall be void.

DUTIES OF INDEPENDENT DIRECTORS

The Independent Directors shall observe the Code for independent Directors prescribed under Schedule IV of the Companies Act, 2013 and attached herewith as Annexure-I. The Independent Directors shall inform the Board in case of changes in their interest/ circumstances which may affect their independence.

The duties of independent Directors as laid down in the Code for Independent Directors are reproduced hereunder:

- a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b) 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;
- c) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a members;
- d) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e) strive to attend the general meetings of the Company;
- f) 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;
- g) keep themselves well informed about the Company and the external environment in which it operates;

- h) not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i) 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;
- j) 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;
- k) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- l) acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m) 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.

ENFORCEMENT OF CODE OF CONDUCT

- i) Each Board Member and Senior Management Personnel shall be accountable for fully complying with the code.
- ii) The Compliance Officer i.e. the Company Secretary shall report breach of the code, if any, which comes to his / her notice to the Board.
- iii) The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or a suspected violation of law, of the code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation.
- iv) Any failure of a Director / Senior Management Personnel to comply with the Code will result in referring his/ her actions / omissions to the Board of Directors. The Board will consider the reference and take such remedial action as deemed fit by it including removal of the person in question from the Board / Office.

WAIVERS AND AMENDMENTS OF THE CODE

We are committed to continuously reviewing and updating our policies and procedures. Therefore, the Code is subject to modification. Any amendment or waiver of any provision of this Code must be approved by the Company's Board of Directors and promptly disclosed as required by any applicable law. Any amendments or waiver must be accompanied by appropriate controls designed to protect the Company.

PLACEMENT OF THE CODE ON WEBSITE

As required by clause 49 of the listing agreement this code and any amendment thereto shall be posted on the website of the company.

COMPLIANCE OF THE CODE

Each Director and Senior Management Personnel shall monitor his or her personal compliance with the code. Also in terms of clause 49 of the listing agreement all Board members and Senior Management Personnel shall within 30 days of close of every financial year affirm compliance with the Code. The Annual Compliance Report shall be forwarded to the Compliance Officer of the Company.

ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Senior Management Personnel shall acknowledge the receipt of the code in the acknowledgement form indicating that they have received, read and agreed to comply with the code and send the same to the Compliance Officer. Upon revision of the code, the Board Members and Senior Management Personnel shall acknowledge and execute an understanding of the Code. New Directors will sign such a deed at the time when their directorship begins.

NO RIGHTS CREATED

This code of conduct is a statement of certain fundamental principles, ethics, values, policies and procedures that govern the Directors and Senior Management Personnel of the Company in the conduct of the Company's business. It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity.

SCHEDULE IV

[See section 149(8)]

CODE FOR 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.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his 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 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 independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) 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) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the 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.

III. 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 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 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 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 his 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.

IV. 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 thereunder and that the proposed director is independent of the management.

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- (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.

V. Re-appointment:

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

VI. 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 a period of not more than one hundred and eighty days 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.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a 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;

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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.

VIII. 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.