

# **BHATIA COMMUNICATIONS & RETAIL (INDIA) LIMITED**

**CIN No: U32109GJ2008PLC053336**

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

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## **1. Introduction**

This Code for the members of the Board of Directors and for the Senior Management Personnel of **BHATIA COMMUNICATIONS & RETAIL (INDIA) LIMITED** (“the Company”) helps the Company to maintain the Standard of the Business Ethics and ensure compliance with the legal requirements, specifically under Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Laws. The Code is aimed to prevent any wrong doing and to promote ethical conduct at the Board and Senior Management level.

## **2. Applicability**

The code is applicable to the following persons (the Officers):

- i. Members of the Board of Directors of the Company and
- ii. Senior Management Personnel i.e. all members of management i.e. KMP Level and above including all functional heads.

All the concerned are expected to read and understand this Code and to uphold standards set out under this, in his/her day-to-day activities.

As the principles set out under this are general in character, Officers should also review the Company's other applicable Policies and Procedures for more specific instructions. In case of any difficulty in interpretation or allied matters they may contact the Chief Financial Officer. This Code is in addition to and not in derogation with any Act, law, rules and regulations, and all other applicable Policies and Procedures adopted by the Company that governs the conduct of its officers.

It is obligatory on the part of every Officer to make an annual disclosure under this Code affirming their adherence to the Code on annual basis. This disclosure shall be made to the Chief Financial Officer on or before 30<sup>th</sup> April, for the financial year preceding the date. In addition to above said disclosure, every Officer is to make an acknowledgement as given in **Annexure - A** to the Code, on receipt of this Code, indicating that they have received, read and understood, and agree to comply with the Code.

## **3. Definition**

- 1) **“Corporate Opportunity”** is an opportunity in which the Company has a right / property / interest or expectancy or opportunity is the one, which in justice should belong to the Company.
- 2) **Interest in Transaction:** Interest in any transaction (be a contract or arrangement) either through himself or through any of the following shall be regarded as interest in the transaction:
  - i. Interest through spouse;
  - ii. Interest through son/daughter;
  - iii. Interest through parents or
  - iv. Interest through Son's wife or Daughter's husband.
  - v. Interest through Brother/ Sister

- 3) **“Material Transaction”** Every transaction the value of which exceeds **Rs. 50,00,000** per annum shall be considered as transaction of the material nature.

#### **4. Honest and Ethical Conduct**

It is Policy of the Company to conduct its business in accordance with all applicable laws and regulations of the jurisdiction in which such business is conducted and to do so with complete honesty and integrity in accordance with highest moral and ethical standard. The Company expects all Officers to accomplish all tasks in the capacity of Officer, whether in the premises of the Company or outside, with highest degree of honesty, integrity and professional ethics.

Honesty means every act of the Officers should be free from any fraud or deception. Ethical behavior is the behavior in conformity with accepted professional standards. In case you find any difficulty regarding appropriateness of any action or inaction you can seek assistance for its interpretation from the Company Secretary.

#### **5. Disclosure of Interest**

It is an obligation of every Officer of the Company to disclose nature of his / her interest or concern in any material transaction made or proposed to be made on behalf of the Company. Disclosure under this clause shall be made by the Officer to the Chief Financial Officer as soon as it comes to his / her knowledge. General notice given to the Chief Financial Officer to the effect that he / she is related to such & such persons and is to be regarded as concerned or interested in any transaction, which may, after date of the notice, be entered into with that person(s), shall deemed to be sufficient disclosure of his / her concern or interest in relation to any transaction.

#### **6. Use of Company's Funds & Assets**

The Company expects all Officers to use Company's funds diligently. The Officers are prohibited from using Company assets, Confidential or proprietary information or position for personal gain.

#### **7. Conflicts of Interest**

Officers are expected to disclose any of their transaction, which has or may have any conflicting interest with the business of the Company. They must ensure that these transactions do not compromise on their responsibility towards the Company. Transaction here includes investment in supplier, competitor or customer of the Company, Directorship in any competitor Companies, acceptance of any simultaneous employment in suppliers or customers or competitor firm(s) Company(ies).

#### **8. Corporate Opportunities**

An Officer should not exploit any Corporate Opportunity for their personal use, which comes to their knowledge, because of such position, without obtaining prior consent of the Board of Directors.

#### **9. Protecting the Company's Confidential Information**

Officers are under obligation to maintain the confidentiality of the insider information coming to their way, which if disclosed to an outsider may have any adverse impact on the Company and will not disclose it except in the course of discharge of their duties.

## **10. Payments or Gifts from others**

No Member of the Board & Senior Management of the Company or member of his or her immediate family, shall (directly or indirectly) solicit, accept or retain any gift, entertainment, trip, discount, service, or other benefit from any organization or person doing business or competing with the Company, other than

- i. modest gifts or entertainment as part of normal business courtesy and hospitality that would not influence, and would not reasonably appear to be capable of influencing, such person to act in any manner not in the best interest of the Company or
- ii. acceptance of a nominally benefit that has been disclosed to the Company.

## **11. Employees Relationship**

The Company continually strives to promote positive and productive working relationships among its Officers to fully comply with the letter and spirit of all laws prohibiting discrimination and sexual harassment. While the Company does not wish to unduly interfere with the private lives of its employees, some limitations on personal relationships in the workplace are necessary in order to prevent actual or perceived favoritism, problems with seniors and possible claims of discrimination or harassment. For these reasons, an Officer shall not engage in romantic or sexual encounters or relationships with any other employee with whom he or she is in a supervisory or reporting relationship.

The Company recognizes the importance of developing close working relationships among employees and this policy is not intended to prohibit friendships that naturally develop in a work setting or social interaction among employees.

## **12. Compliance with Laws, Rules & Regulations**

Officer must comply with all applicable laws, rules and regulation. Officers are expected to have knowledge of legal obligations relating to their duty and to accomplish their tasks in conformity with such obligations.

## **13. Inclusionary Clause**

Transactions given above are only exemplary ones and it would not be possible to quote here, all situations in which conflict of the interest may arise. So, if a situation raises any doubt or question, the Officer may consult the Chief Financial Officer.

## **14. Compliance with Code of Conduct**

It is part of the Officer's duty to help in the enforcement of the Code. They are under an obligation to bring any violation of the Code to the knowledge of the Chief Financial Officer. All the Officers are expected to co-operate in any investigation made in pursuance of the Code. Reprisal, threat, retribution or retaliation against any person, who has, in good faith, reported a violation or suspected violation of the law under this Code or under other Company Policy (ies) or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited. The Company will take appropriate action against any Officer whose actions are found to violate the Code or any other Policy of the Company. Disciplinary action may include immediate termination of employment or cessation of the office at the Company's sole discretion. Where the Company has suffered a loss, it may pursue its remedies against the person(s) responsible.

## **15. Waiver and Amendments to the Code**

This Code is subject to the modifications and no amendment / waiver of any provision of the Code is possible unless approved in writing by the Board of Directors of the Company.

## **16. Duties of Independent Director**

Pursuant to Section 149, 166 of the Companies Act, 2013 and rules thereto and Schedule IV of the Companies Act, 2013

### **A. Guidelines of Professional Conduct**

An independent director shall;

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising his duties;
- iii. exercise his responsibilities in a bona fide manner in the interest of the company;
- iv. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- v. 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;
- vi. 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;
- vii. refrain from any action that would lead to loss of his independence;
- viii. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- ix. assist the company in implementing the best corporate governance practices.

### **B. Role and functions**

The independent directors shall;

- i. 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;
- ii. bring an objective view in the evaluation of the performance of board and management;
- iii. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- iv. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- v. safeguard the interests of all stakeholders, particularly the minority shareholders;
- vi. balance the conflicting interest of the stakeholders;
- vii. 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;
- viii. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **C. Duties**

The independent directors shall;

- i. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- ii. 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;
- iii. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- iv. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- v. strive to attend the general meetings of the company;
- vi. 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;

- vii. keep themselves well informed about the company and the external environment in which it operates;
- viii. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix. 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;
- x. 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;
- xi. report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- xii. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- xiii. 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.

#### **D. Manner of appointment**

- i. 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.
- ii. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- iii. 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 fulfills the conditions specified in the Act and the rules made there under and that the proposed director is independent of the management.
- iv. The appointment of independent directors shall be formalized 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.
- v. 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.
- vi. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **E. Re-appointment**

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

#### **F. Resignation or removal**

- i. 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.
- ii. 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.
- iii. Where the company fulfills 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.

#### **G. Separate meetings**

- i. 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;
- ii. All the independent directors of the company shall strive to be present at such meeting;
- iii. 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.



## **H. Evaluation mechanism**

- i. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- ii. 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.

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(This document is approved by the Board of Directors at their meeting held on 19<sup>th</sup> January, 2018)

**ANNEXURE - A**

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

To,  
The Chief Financial Officer  
**Bhatia Communications & Retail (India) Limited**  
CIN: L32109GJ2008PLC053336  
132, Dr. Ambedkar Shopping Centre,  
Ring Road, Surat-395002,  
Gujarat.

**ACKNOWLEDGEMENT FORM**

Dear Sir,

I, \_\_\_\_\_ have received and read the Company's  
**"CODE OF CONDUCT"** FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL of  
the Company. I have understood the provisions and policies contained in this Code and I  
agree to comply with this Code.

Signature :

Name :

Designation :

Date :

Place :