

**NIDHI GRANITES LIMITED**

**CODE OF CONDUCT  
FOR  
DIRECTORS**

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## **CODE OF CONDUCT FOR DIRECTORS**

**[Under Regulation 49 of the Listing Agreement]**

### **I. PREAMBLE**

We the members of the Board of Directors of NIDHI GRANITES LIMITED (hereinafter referred to as "the Company") take note of the amendment made in Clause 49 of the Listing Agreement by the Stock Exchange, Mumbai in accordance with the Directions of Securities and Exchange Board of India (SEBI), vide letter No. CRD/GEN/2004/7 dated 6<sup>th</sup> November, 2004. The new Clause 49 is to be implemented by all the listed Companies with effect from 1<sup>st</sup> April, 2006.

Sub Clause (D) (i) & (ii) of new Clause 49 are reproduced here in below:

- (i) The Board shall lay down a code of conduct for all Board Members and senior management of the Company. The Code of Conduct shall be posted on the Website of the Company.
- (ii) All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.

### **II. INTRODUCTORY STATEMENT**

- (a) We the members of the Board of directors of the company acknowledge and accept the scope and extent of our duties as directors. We have a responsibility to carry out our duties in an honest and business like manner and within the scope of our authority, as set forth in the Companies Act, 1956, various regulations enacted by the Securities and Exchange Board of India (SEBI), Listing Agreement and the Memorandum and Articles of Association of the Company.
- (b) We are entrusted with and responsible for the oversight of the assets and business affairs of the Company in an honest, fair, diligent and ethical manner. As directors we must act within the bounds of the authority conferred upon us and with the duty to make and enact informed decisions

and policies in the best interests of the Company, its shareholders and stakeholders.

- (c) The Board of Directors through circular resolution passed by all the Directors on 24.01.2006 has unanimously adopted the following Code of Conduct and our Directors are expected to adhere to the standards of loyalty, good faith and the avoidance of conflict of interest that follow.

**The Code of Conduct sets forth the followings guidelines and standards:**

**III. HONESTY & INTEGRITY**

Every Director is expected to

- (i) Commit the time necessary to prepare for, attend (in person or telephonically, as appropriate) and actively participate in regular and special meetings of Board, Committee and Shareholders.
- (ii) Disclose potential conflicts of interest that they may have regarding any matters that may come before the Board, and abstain from discussion and voting on any matter in which the Director has or may have a conflict of interest.
- (iii) Conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness.
- (iv) Act in good faith, responsibility, with due care, competence and diligence, without allowing their independent judgment to be subordinated.
- (v) Act in the best interests of the Company and fulfill the fiduciary obligations.

**IV. Conflict of Interest**

- (a) Directors shall not engage in any business, relationship or activity, which may be in conflict of interest of the Company or any of its subsidiary and affiliated companies (collectively, the “Company”).
- (b) Conflicts can arise in many situations. It is not possible to cover every possible conflict situation and at times, it will not be easy to distinguish between proper and improper activity. Set forth, are some of the common circumstances that may lead to a conflict of interest, actual or potential –
  - i. Engaging 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.
  - ii. Accepting, or having a member of a Director’s immediate family (spouse, children, parents and brothers) accept, a gift from persons or

entities that deal with the company, in cases where the gift is being made in order to influence the Directors' actions as a member of the Board, or where acceptance of the gift could otherwise reasonably create the appearance of a conflict of interest.

- iii. Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company.
  - iv. Avoid conducting company business with a relative or with a firm / company in which a relative / related party is associated in any significant role.
- (c) If such related party transaction is unavoidable, it must be fully disclosed to the board of the company.

## **V. Corporate Opportunities**

Directors are prohibited from:

- a. Taking for themselves or their companies opportunities that are discovered through the use of Company property, Company information or position as a director;
- b. Using the Company's property or information for personal gain; or
- c. Competing with the Company for business opportunities. However, if the Company's disinterested directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director may then do so.

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

Directors are required to comply with all applicable laws, rules and regulations, both in letter and spirit. In order to assist the company in promoting lawful and ethical behaviours, directors must report any possible violation of law, rules, regulation or the code of conduct to the company secretary.

In addition, if any director becomes aware of any information that he or she believes constitutes evidence of a material violation of any securities or other laws, rules or regulations applicable to the Company or the operation of its business, by the Company, any employee or another director, then such director should bring such information to the attention of any or all of the Chairman of the Audit Committee.

## **VII. Other Directorships**

The Company feels that serving on the boards of directors of other companies may raise substantial concerns about potential conflict of interest. And therefore, all directors must report / disclose such relationships to the Board on an annual basis. It is felt that service on the board of a direct competitor is not in the interest of the company.

## **VIII. Confidentiality of Information**

Pursuant to their fiduciary duties of loyalty and care, Directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board of Directors to disclose such information. Accordingly,

- (i) no Director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and
- (ii) no Director shall disclose Confidential Information outside the Company, either during or after his or her service as a Director of the Company, except with authorization of the Board of Directors or as may be otherwise required by law.

"Confidential Information" is all non-public information entrusted to or obtained by a Director by reason of his or her position as a Director of the Company. It includes, but is not limited to, non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed, such as:

- (iii) non-public information about the Company's financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers and acquisitions, stock splits and divestitures;
- (iv) non-public information concerning possible transactions with other companies or information about the Company's customers, suppliers or joint venture partners, which the Company is under an obligation to maintain as confidential; and
- (v) non-public information about discussions and deliberations relating to business issues and decisions, between and among employees, officers and Directors.

## **IX. Fair Dealing**

Directors must deal fairly with the Company's employees, customers, suppliers and competitors. No Director may take unfair advantage of the Company's employees, customers, suppliers, or competitors through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

## **X. Insider Trading**

The Company has formulated a Code of Conduct for Insider Trading. The Directors shall comply with the requirements of the said code. Any director of the company 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 constitutes insider information. All directors will comply with insider trading guidelines as issued by SEBI.

## **XI. Gifts & Donations**

No director of the company shall receive or offer, directly or indirectly, any gifts, donations, remuneration, hospitality, illegal payments and comparable benefits which are intended (or perceived to be intended) to obtain business (or uncompetitive) favours or influence any business decision for the conduct of business. Nominal gifts of commemorative nature, for special events may be accepted and reported to the Board.

## **XII. Protection of Assets**

Directors must protect the company's assets, labour and information and may not use these for personal use, unless approved by the Board.

## **XIII. Annual Review**

All directors shall affirm compliance with the code on an Annual basis.

## **XIV. Violations of Code**

- (a) It is ethical responsibility of every director to abide by and enforce this Code. The Board of Directors shall take disciplinary action against any director who is found guilty under the Code or is found to violate the Code.
- (b) Suspected violations of this Code may be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations should be appropriately investigated.

- (c) A director charged with a violation of this Code should not participate in a vote of a Committee or the Board concerning his/her alleged violation, but may be present at a meeting of the Board or of a Committee convened for that purpose.

**XV. WAIVER OF CODE OF BUSINESS CONDUCT AND ETHICS**

Any waiver of this Code may be made *only* by the Board of Directors and must be promptly disclosed to the Company's shareholders.

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