

MEGASTAR FOODS LIMITED

CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT EXECUTIVES

1. PREAMBLE

The Code of Conduct of Megastar Foods Limited was approved by the Board of Directors (Board) of the Company on April 04, 2018 and came into effect from that date. The said Code of Conduct based on fundamental principle of good Corporate Governance. The said Code of Business Conduct and Ethics is now adopted inter alia to include duties of independent directors as per Schedule IV of the Companies Act, 2013.

2. PHILOSOPHY

It has been long waited policy and commitment of Megastar Foods Limited to adhere to highest standards of integrity professional and financial and business ethics in the operation of its business. We believe that this organization has been handed to us by the various stakeholders in "trust" and we as professional managers are the "trustees" of those stakeholders. It is therefore our responsibility to ensure that the organization is managed in a manner that protects and furthers the interests of our stakeholders. This Code of Business Conduct and Ethics ("Code of Conduct" or "Code") helps to ensure compliance with our standards of business conduct & ethics and also with regulatory requirements.

3. APPLICABILITY

The Code of Conduct shall apply to:

- 1) All Directors of the Company, whether executive or non-executive including nominee directors.
- 2) All Senior Management Executives.

Senior Management Executives shall include:

- a) All executives of the Company from the rank of General Manager and above; and
- b) All employees of the Company, reporting directly to the Managing Director/Manager/Executive Director(s) irrespective of their grade.
- c) All Directors and Senior Management Executives are expected to comply with the letter and spirit of this Code. The Senior Management Executives shall continue to comply with applicable laws & regulations and the relevant policies, rules and procedures of the Company.

The Code comes into immediate effect.

4. INTERPRETATION OF THE CODE

In this Code the term "Relative" shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013. In this Code, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

Any question or interpretation under this Code of Business Conduct and Ethics will be considered and dealt with by the Board or any person authorized by the Board on their behalf.

5. HONESTY, INTEGRITY & ETHICAL CONDUCT

All Directors and Senior Management Executives shall act in accordance with the highest standards of integrity, honesty, fairness and ethical conduct while working for the Company as well when representing the Company. Honest conduct means conduct that is free from fraud, suppression of facts or deception. Integrity & ethical conduct includes ethical handling of actual or apparent conflicts of interest between personal and professional relationships. All Directors and Senior Management Executives should promote ethical behavior and take steps to ensure that the Company promotes ethical behavior and also encourages employees to freely report violations of laws, rules, regulations or the Company's Code of Conduct to the Managing Director/Manager/Compliance Officer.

6. CONFLICT OF INTEREST

All Directors and Senior Management Executives shall avoid situations in which their personal interest could conflict with that of the Company. A "conflict of interest" occurs when an individual's private interest directly or indirectly interferes or appears to interfere with the interests of the Company. The Directors and Senior Management Executives must act at all times in the Company's best interests and avoid putting themselves in a position where their personal interests conflict or appear to conflict with the interests of the Company. Their personal interests will include those of their relatives.

Any Director or Senior Management Executive, who is aware of a conflict of interest or is concerned that a conflict might develop, is required to disclose the matter promptly to the Board in case of a Director and to the Managing Director/Manager/Compliance Officer in case of a Senior Management Executive.

7. RELATED PARTY TRANSACTIONS

Any Director or Senior Management Executive or any of their relatives/associates should not derive any undue personal benefit or advantage by virtue of his position or relationship with the Company. As a general rule, Senior Management Executives should avoid conducting Company business with a relative, or with a business in which a relative is associated in any significant role. Any dealings with a related party must be conducted in such a way that no preferential treatment is given and adequate disclosures are made as required by law and this Code.

8. LEGAL COMPLIANCE

The Company is committed to high standards of corporate governance and believes in Compliance with all the laws and regulations both in letter and spirit. The Company is committed to provide in time, accurate and complete information as required, to all concerned including its stakeholders. All Directors and Senior Management Executives must comply and where applicable, oversee compliance by employees with all the laws, rules and regulations applicable to the Company and its employees. Each Senior Management Executive must acquire appropriate knowledge of the requirements relating to his duties sufficient to enable him to recognize potential non-compliance issues and to know when to seek advice from the Legal Department on specific Company policies and procedures.

9. INSIDER TRADING

All Directors and Senior Management Executives and their immediate family members shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company, which is not in the public domain and thus constitutes insider information. All Directors and Senior Management Executives are required to comply with the Company's Code of Conduct for Prohibition of Insider Trading.

10. CONFIDENTIALITY

All Directors and Senior Management Executives must maintain the confidentiality of sensitive information (that is not in public domain) relating to the Company which comes to their knowledge in the course of the discharge of their functions and any other Confidential information about the Company that comes to them, from whatever source, except when such disclosure is authorized or legally mandated. The confidentiality shall also continue after such person ceases to hold office as Director or serve the organization.

No Senior Management Executive shall communicate with any member of press or publicity media or any other outside agency on matters concerning the Company, except through the designated spokespersons or authorized otherwise.

11. TRANSPARENCY AND ACCOUNTABILITY

The Directors and Senior Management Executives shall be transparent in all their dealings except in cases where the needs of business security dictate otherwise and shall hold themselves accountable to the Board or Managing Director/Compliance Officer as the case may be.

12. OPPORTUNITIES AND INFORMATION

The Directors and Senior Management Executives owe a duty to the Company to advance the Company's business. The Directors and Senior Management Executives are prohibited from taking (or directing to a third party) a business opportunity (relevant to the line of business intended to be pursued by the Company) that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. The Directors and Senior Management

Executives are prohibited from using corporate property, information or position for personal gain and from competing with the Company. Wherever, it is difficult to differentiate between personal and Company benefits or there are both personal and Company benefits in certain activities, the only prudent course of conduct for the Directors and Senior Management Executives is to make sure that any use of Company property or services or such transactions that is not solely for the benefit of the Company has prior approval of the Board of Directors/Managing Director/Manager of the Company.

13. COST CONSCIOUSNESS

The Directors and Senior Management Executives shall exercise their responsibilities with utmost cost consciousness within the organization and shall promote the same. The Directors and Senior Management Executives shall not use any facility or asset of the Company for their personal use except when such facility or asset has been provided for personal use by policy or specific permission.

14. EQUAL OPPORTUNITY

The Company shall provide equal opportunities to all its employees and all qualified applicants for employment without regard to race, caste, colour, gender, religion, sex, age, marital status, disability, national origin, or any other factor made unlawful by applicable laws and regulations. This policy relates to all phases of employment including recruitment, hiring, placement, promotion, transfer, compensation, benefits, training, educational, social and recreational programs and the use of Company facilities. The Directors and Senior Management Executives shall encourage women employees to report any harassment concerns and be responsive to any complaints of harassment or other unwelcome and offensive conduct. Sexual harassment or exploitation is specifically prohibited.

15. DEALING WITH PEOPLE IN THE ORGANISATION

The Company will focus on meritocracy, equity and upholding of Company values in all people processes including performance management systems, appraisals, remuneration and rewards. The Directors and Senior Management Executives shall uphold the values of trust, teamwork, mutuality and collaboration, meritocracy, objectivity, self-respect and human dignity while dealing with the people within the organization. The Directors and Senior Management Executives shall practice and encourage the spirit of productive debate and discussion among the employees and with the Board as the situation may warrant. The Directors and Senior Management Executives shall not show disrespect to their superior officers or to the authority of the Board. The Directors and Senior Management Executives shall not engage in misinformation, disinformation or personal vilification or victimization of any employee or stakeholder.

16. RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS

The Directors and Senior Management Executives shall never compromise with the interest of the Company in all their dealings with suppliers and customers. The Directors and Senior Management Executive shall not accept gifts and presents of more than nominal value or receive gratuitous or other payments or treatments from suppliers or customers which could lead to compromising the Company's interests.

17. CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to serve the community around its area of operations. The Company believes that no organization can survive in isolation and it has a responsibility towards the public at large. The Company aims to reach out to the neighboring communities and conserve the environment. The Company shall continuously take requisite community development initiatives around the areas of its operations. The Directors and Senior Management Executives shall in their decisions respect the necessity of environment protection and pollution control consistently with the need of sustainable development.

18. DUTIES OF INDEPENDENT DIRECTORS (AS PER SCHEDULE IV of the Companies Act, 2013)

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 behavior, 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.

19. GENERAL

The Directors and Senior Management Executives:

- a) shall at all times make an endeavor to attend such meetings/occasions including Board and Committee meetings as are required of the person for the benefit, growth and development of the Company.
- b) shall dedicate sufficient time, energy and attention to the Company to ensure diligent performance and be aware of and seek to fulfill his or her duties and responsibilities as set forth in the Company's Memorandum & Articles of Association and Corporate Governance Guidelines.
- c) shall not illegally withhold any property or documents of the Company and should ensure protection of the same at all times.
- d) shall not knowingly suppress a material fact, which can be detrimental to the interest of the Company, from the appropriate authority/body.
- e) shall not make any statement, verify any return or form, containing any particulars, knowing it to be false.
- f) shall practice a conduct of giving highest respect to humans and human values and must promote the same.

20. REPORTING

The Company Secretary shall be the Compliance Officer for the purpose of this Code. Senior Management Executives are required to report observed violations of the Code and illegal or unethical behavior to the Managing Director/Manager/Compliance Officer.

All reports will be treated in a confidential manner and it is Company's policy not to allow retaliation for reports made in good faith of misconduct by others. In accordance with an established, documented & approved process, the Company will undertake, review & where appropriate, investigate of alleged violations or misconduct. Senior Management Executives are expected to cooperate in internal investigations of misconduct and violations of this Code

21. WAIVERS & AMENDMENTS

Any waiver of any provision of this Code for a member of the Company's Board of Directors or a Senior Management Executive must be approved in writing by the Company's Board of Directors/Managing Director/Manager and appropriately disclosed.

Based on the business requirements and applicable regulations the Code may be amended by the Board of Directors from time to time.

22. COMPLIANCE OF THE CODE

The matters covered in this Code of Business Conduct and Ethics are of the utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. The Company expects all the Directors and Senior Management Executives to adhere to these rules in carrying out their duties for the Company. Directors and Senior Management Executives are accountable for full compliance with this Code. Sanctions for breach of this Code shall be determined by the Board of Directors in case of Directors and the Managing Director/Manager in the case of Senior Management Executives.

23. ACKNOWLEDGEMENT

The Code shall become applicable to all the existing directors as soon as it is approved by the Board of Directors. In case of a new director the Code shall become applicable from the date of his appointment. All Senior Management Executives shall acknowledge the receipt of this Code in the acknowledgement form appended to this Code indicating that they have received, read and understood, and agreed to comply with the Code and send the same to the Managing Director/Manager/Compliance Officer. A New Senior Management Executive will submit such an acknowledgment at the time when his employment begins/when he assumes a senior management position.

24. ANNUAL COMPLIANCE REPORTING

The Directors and Senior Management Executives shall affirm compliance with this Code of Conduct on an annual basis as at the end of each financial year of the Company. (Within 15 days of the close of every financial year). **Annexure-1**

25. NO RIGHTS CREATED

This Code of Conduct set forth guidelines for conduct for the Board of Directors and Senior Management Executives. It is not intended to nor does it create any right in favour of any Director or Senior Management Executive, client, supplier, customer, shareholder, or any other person or entity.

By Order of the Board of Directors

Megastar Foods Limited

Vikas Goel
Chairman cum Managing Director
(DIN: 05122585)
Place: Chandigarh
Date: 04.04.2018

Format for Annual Compliance Reporting Annexure-1

To,

**The Director
Megastar Foods Limited
Plot No. 807, Industrial Area, Phase-II,
Chandigarh-160102, India**

Sub: Code of Business Conduct and Ethics and Annual Compliance Reporting

I have received and read the Company's Code of Business Conduct and Ethics for Directors and Senior Management Executives as approved by the Board of Directors on 04.04.2018. I understand the standards and policies contained in the Company's Code and understand that there may be additional policies or laws specific to my job or role. I agree to comply with the Company's Code and shall be responsible and accountable for any non-compliance of the Company's Code by me. I also understand that if I have any clarification concerning the Company's Code, I can consult with the Managing Director and that my questions or reports to these sources will be maintained in confidence.

Furthermore, I shall affirm compliance with this Code of Conduct on an annual basis as at the end of each financial year of the Company (within 15 days of the close of every financial year).

Name:

Designation:

Signature:

Date

Note: Please sign and return this form to the Company Secretary.