

Lakshmi Precision Screws Limited

CODE OF CONDUCT

1. Introduction

This Code of Business Conduct and Ethics (the “Code”) has been adopted by our Board of Directors and summarises the standards that must guide our actions. While covering a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation where ethical decisions must be made, but rather set forth key guiding principles that represent the Company’s policies and establish conditions for employment at the Company.

We must strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the Company’s business activities including, but not limited to, relationships with employees, customers, suppliers, competitors, financial institutions, banks, the government regulators, our shareholders and the public. All of our employees, officers and directors must conduct themselves according to the language and spirit of this Code and seek to avoid any improper behaviour. Even well intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved.

The Company strives to apply high ethical, moral and legal principles in every aspect of business conduct. This Code of Business Conduct and Ethics (this “Code”) summarizes the Company’s core values and describes its principles and policies regarding the standards of conduct to be followed by all the Board Members and Senior Management of the Company when acting on the Company’s behalf.

2. Purpose

LPS had earlier adopted a Code of Conduct for its Directors and Senior Management Personnel which is in force and is being complied with. However, with the introduction of Companies Act, 2013 and Schedule IV to the Act (effective from April 01, 2014) and amended Clause 49 of the Listing Agreement with the Stock Exchanges (effective from October 01, 2014), the existing Code of Conduct required suitable modifications. The Board of Directors at the Board Meeting held on 09.08.2014 approved the modified Code of Conduct for adoption by the Directors, Senior Managerial Personnel and Functional Heads.

3. Core Values

Customer Priority - Uphold the highest standards in our business practices. Deliver responsible, innovative solutions to drive continuous improvement with utmost priority and respect to all of our customers.

Continuous Improvement - Aspire to be the best in everything we do which will lead us to state of excellence in our business.

Respect for people - Treat all with dignity, value the contributions of others and help one another to succeed.

4. Applicability

This Code shall be applicable to the persons hereinafter referred to as the Officers.

5. Definitions & Interpretations

In this Code of Conduct, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

"Officers" shall collectively refer to the Executive Directors, Non-Executive Directors, Independent Director and the Senior Management Personnel.

"Price sensitive information" is information, which relates directly or indirectly to a Company and which if published is likely to materially affect the price of Securities of that Company. It is important to note that both positive and negative information could be price sensitive. Employees are encouraged to follow the Insider Trading Code at all times. Punishment for violation can include wage freeze, termination and fine or penalty in case of criminal offence.

"Senior Management Personnel" shall mean all the employees of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

"Relative" shall mean relative as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of Companies (Specification of Definitions Details) Rules, 2014 and any changes/amendments/addition/deletion in the term 'Relative' from time to time as per statutory notification or circular.

6. Our relationship with the Company

As LPS people, we strive to adhere to LPS's guidelines and objectives and to give our best efforts to improve the Company's performance. We recognize the trust and confidence placed in us and acts with integrity and honesty in all situations to preserve that trust and confidence. Thus, we avoid conflicts of interest and other situations that are potentially harmful to the Company. Conflicts of interest distort judgment.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of the Company, including its subsidiaries and

affiliates. A conflict of interest can arise when an officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts of interest may also arise when an officer or director (or his or her family members) receives improper personal benefits as a result of the officer's or director's position in the Company.

7. Our Relationship with each other

The Company will focus on 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, self respect and human dignity while dealing with the people within the organisation.

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 Personnel shall assure uniformly fair compensation and benefit practices that will attract, reward and retain quality employees.

8. Quality of Public disclosures

The Company has a responsibility to communicate effectively with shareholders so that they are provided with full and accurate information, in all material respects, about the Company's financial condition and results of operations. Our reports and documents required to be filed with or submitted to the Registrar of Companies, Securities and Exchange Board of India, Stock exchanges in India or other regulatory agencies and our other public communications shall include full, fair, accurate, timely and understandable disclosure.

9. Compliance with Laws , Rules & Regulations

The Company and its officers and every employee shall comply with all applicable government laws, rules and regulations both in letter and spirit, any violation thereof may subject them to disciplinary action by the Company.

10. Trading on Inside Information

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. Copy of the said Code of Conduct for Prevention of Insider Trading is available with the Company Secretary.

11. Fraudulent & Unfair Trade Practices in the Securities Market

The Company's securities are listed on Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd. The Company is committed to comply with securities laws in all jurisdictions in which the Company's securities are listed. The Company prohibits fraudulent and unfair trade practices in the securities market, with regard to the securities of the Company or of any other listed company. This policy shall apply to directors and employees of the Company.

12. Protection of Confidential Proprietary Information.

Confidential proprietary information generated and gathered in our business is a valuable asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorized by the Company or required by law.

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company or its customers if disclosed.

Your obligation to protect the Company's proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession upon leaving the Company.

13. Protection & proper use of the Company's Assets

All employees should protect the Company's Tangible and Intangible assets i.e. Computer software/ Database, Market knowledge & Trade Marks, Patents etc. and ensure their efficient use. Theft, carelessness and waste have a direct impact on the financial soundness, integrity and profitability of the Company. Company's assets shall not be used for any unlawful or improper purpose. Company assets and equipment should only be used for Company's business, although incidental personal use of assets may be permitted in limited circumstances contemplated by policies the Company may adopt from time to time.

14. Company's Records

All Company's books, records, accounts, funds and assets must be maintained to reflect fairly and accurately the underlying transactions and disposition of Company's business in reasonable detail. The aforesaid books, records, and accounts may be maintained/ recorded/ stored in Computer media unless the same is otherwise required to be maintained in physical form. Falsifying or destroying Company's books or records, other than permissible alterations made in accordance with any policy of the Company that may be implemented from time to time, regarding document retention, will be considered to be a violation of this Code. The Company's policy relating to retention and disposal of books, accounts, software, computer generated data and other records are available with the Company Secretary.

The Company has established internal accounting and operating controls to ensure that its accounting records and operational procedures are complete, accurate and maintained in reasonable detail. Employees are expected to maintain and adhere to these controls and policies so that all underlying transactions, both within the Company and with third parties, are properly documented, recorded and reported. No accounting entries will be recorded that intentionally conceal, disguise or misrepresent the true nature of any transaction involving the Company.

If an employee believes that the Company's books and records are not being maintained in accordance with these requirements, the employee should report the matter in accordance with the section of this Code entitled "Compliance & reporting of any illegal or unethical behaviour".

15. Corporate Opportunities

Directors and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Directors are expressly prohibited from:

Taking for themselves personally, opportunities that are discovered through the use of Company's property, information, or position,

Competing directly or indirectly with the business of the Company or with any business that the Company is considering,

Using Company's property, brand name, information, statutory document or position for personal gain.

16. Fair dealing

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

Gifts or entertainment in any form that is likely to result in a feeling of expectation of personal obligation should not be extended or accepted.

17. Government and Political Contributions

The Company's official policy concerning all government and political matters in which the Company has an interest will be decided and announced by or implemented with prior approval from the Board of Directors. No alteration of or deviation from such official policy will be made without prior approval of the Board of Directors. The Company and its Officers shall not support, directly or indirectly, any specific political party or candidate for political office.

To determine whether a donation or contribution to be made on behalf of the Company complies with applicable laws i.e. approval of the Shareholders of the Company under Section 181 of the Companies Act, 2013 and rules made therein or this Code, employees should seek guidance from the Company's Legal/ Secretarial Department.

18. Protection of Confidential Proprietary Information.

The Company is committed to conduct its business in compliance with all applicable environmental laws and regulations in a manner that has the highest regard for the environment and the safety and well being of employees and the general public. Therefore, the Company expects all employees to do their utmost to abide by the letter and spirit of all environmental laws and regulations as well as environmental policy separately framed by the Company.

19. Publicity & Communication

Employees must exercise due care when considering the release of information of a sensitive or material nature about the Company. Sufficient measures must be taken to ensure the accuracy of information that is authorized for release to outside parties. Consequently, responses, public discussion and contact with the news media about the Company's business can only be made through the Company's authorized officers or their representatives. If a member of the media questions an employee, the employee must consult with the Public Relations Officer before responding to those questions or refer that person to the Public Relations Officer.

20. Relationship with Society

The Company strives to be a contributing member of the national community. We are a citizen of each locality where we operate and, like individual citizen, have a civic responsibility to support the health, education and welfare of the community. It is our goal to take part in projects to further the development and welfare of the local community. Such projects include participating in charitable drives and assuming responsibility for aiding the poor, injured and homeless at the time of national disaster. Our primary focus is on young people, particularly their education.

It is the Company's policy not to support child labour. The Company is aware of social reality of the existence of child labour and recognizes that this evil cannot be eradicated by simply setting up rules or inspections. Towards this end, the Company is committed to work in a pro-active manner to eradicate child labour by actively contributing to the improvement of children's social situation.

21. Relationship with Shareholders

We strive to serve the best interest of our shareholders – to provide consistent growth and fair rate of return on their investment, to maintain our position and reputation as one of the leading fastener product company, to protect shareholder investments, to operate

consistently with our core values and Code of Ethics and to provide full, fair, accurate, timely and understandable information. By doing so, we help to build shareholder value. Good corporate governance protects shareholder value. The Company's Corporate Governance policies and programs, of which this Code of Conduct is a key component, serve as an important shareholder safeguard.

22. Compliance and reporting any illegal or unethical behaviour

The Compliance Officer is available to answer any questions about the Code or Company's compliance policies, or to discuss any concerns you may have about potential Code violations.

In case of any queries kindly:

- Call: 01262-248288
- E-mail: complianceofficer@lpsindia.com
- Fax: 01262-248297

The Directors and Senior Management Executives shall affirm compliance with this Code of Conduct on an annual basis, within 10 days of the close of every financial year to the Compliance Officer.

23. 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 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.

An independent director shall be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

24. Interpretation of Code

Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors of the Company in line with the broad intent of this policy read with the applicable provisions of the Act, rules and regulations made thereunder and the Listing Agreement.

25. Amendments

The Board of Directors of the Company may, subject to the applicable law, is entitled to amend, modify, suspend or rescind this policy, at any time which will also be disclosed in the Company's annual report and on the web site of the Company.