



Lakshmi Precision Screws Limited Code of Conduct

Contents:

- Introduction
- Purpose
- Core Values
- Applicability
- Our Relationship with the Company
- Our Relationship with each other
- Quality of Public Disclosures
- Compliance with Laws, Rules and Regulations
- Trading on inside Information
- Fraudulent & unfair trade practices in the Securities Market
- Protection of Confidential Proprietary Information
- Protection & proper use of the Company's Assets
- Company Records
- Corporate Opportunities
- Fair Dealing
- Gift
- Governmental Affairs & Political Contributions
- Environmental Policy
- Publicity and Communication
- Relationship with Society
- Relationship with Shareholders
- Compliance & reporting of any Illegal or Unethical Behavior
- Interpretation of Code
- Amendments



CODE OF CONDUCT

Message from the chairman

For well over thirty-five years, **LAKSHMI PRECISION SCREWS LIMITED (LPS)** people have created an asset of incalculable value -- the company's international reputation for integrity and high standards of business Conduct. We are justifiably proud that LPS is a company of great and strong values.

The Mission of the Company:

“Be a globally competitive organization providing the best fastening solutions”.

The Vision 2010 of the Company:

“Make LPS a ‘Most Sought After’ Brand”.

- Achieve Rs.500 Crores in Sales
- Become a Deming Organization
- Improve EBIDTA to 25%
- Expand Manufacturing to 2 more locations

Integrity remains our core value. The Company's quest for competitive excellence begins and ends with our commitment to lawful and ethical conduct.

I ask each person in the Company to make a personal commitment to follow our Code of Conduct. Guiding us in upholding our ethical commitment is a set of LPS policies on key integrity issues. All LPS employees must comply not only with the letter of these policies but also their spirit.

If you have a question or concern about what is proper conduct for you or anyone else, promptly raise the issue with your manager or through one of the many other channels the company makes available to you. No one should ever compromise his/her commitment to integrity.

Concerns about appropriate conduct must be promptly addressed with care and respect. We are all privileged to work for one of the best companies in India. It is now the responsibility of our generation to preserve and strengthen for those who will follow us what has been LPS's foundation for success of more than 35 years - the LPS commitment to total, unyielding integrity.

Lalit Kumar Jain
Chairman and Managing Director



CODE OF CONDUCT

Introduction

This Code of Business Conduct and Ethics (the “Code”) has been adopted by our Board of Directors and summarizes 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 even the appearance of improper behavior. Even well intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved.

One of our most valuable assets is our reputation for integrity, professionalism and fairness. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

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. In order to maintain the Company’s ethical standards, employees and directors must be committed to using their good sense and best judgment to adhere to the principles and policies contained in this Code at all times.



CODE OF CONDUCT

Purpose

As per sub clause I (D) (i) of the revised Clause 49 of the listing agreement, with the stock exchanges relating to Corporate Governance, Board of Directors of the Company is required to have a Code of Conduct to be followed by all the Board Members and Senior Management of the Company.

As per sub clause I (D) (ii) of the Clause 49 of the listing agreement, the Board Members and the Senior Management 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 Chief Executive Officer. This Code will also be put on the Company's website. In pursuance of the said Clause, the Board of Directors of the Company in their meeting held on 29th October, 2005 approved the Code of Conduct, which has become operative with immediate effect. A copy of the Code of Conduct as approved by the Board of Directors is provided hereinafter.

Core Values

Customer Obsession - 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.

The Company has committed to conduct its business in a manner that exemplifies each of these core values. These values should not just be words on a sheet of paper, but should serve as meaningful guides to all of our Employees and directors as the Company goes about its mission. One of the purposes of this Code is to provide helpful guidance to employees and directors in identifying and avoiding the types of conduct that could devalue the dignity and contributions made by the Company's employees, and that could threaten the Company's reputation for observing the highest ethical standards of business conduct in its operations.



CODE OF CONDUCT

Applicability

This Code shall be applicable to the Company and the following persons (hereinafter referred to as ‘the Officers’):

All the Directors including the Managing Director, Executive Directors, Non- Executive Directors, Independent Directors and Nominee Directors of the Company;

The Chief Operating Officer or person heading the Operation department;

The Chief Financial Officer or person heading the Accounts & Finance department;

The Chief Internal Auditor or person heading the department

The Company Secretary/ Compliance Officer /Legal Officer or Person heading the Secretarial/ Legal department

All employees in the management cadre i.e., carrying designation of Manager and upwards all professionals serving in the Company and all the members of various Committees constituted by the Board including special invitees, if any.

Unless otherwise specifically exempted in writing by the Board of Directors, this Code shall also be followed by all employees of the Company in letter and spirit.

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 employee, 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 employee, officer or director (or



CODE OF CONDUCT

his or her family members) receives improper personal benefits as a result of the employee's, officer's or director's position in the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations, which may constitute a conflict of interest:

Working in any capacity for a competitor, customer, supplier or other third party while employed by the Company.

Accepting gifts of more than modest value (modest value here means worth Rs. 1,000/- and above) or receiving personal discounts (if such discounts are not generally offered to the public) or other benefits as a result of your position in the Company from a competitor, customer or supplier.

Competing with the Company for the purchase or sale of property, products, services or other interests.

Having an interest in a transaction involving the Company, a competitor, customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).

Receiving a loan or guarantee of an obligation as a result of your position with the Company.

Directing business to a supplier owned or managed by, or which employs, a relative or friend.

In the event that an actual or apparent conflict of interest arises between the personal and professional relationship or activities of an employee, officer or director, the employee, officer or director involved is required to handle such conflict of interest in an ethical manner in accordance with the provisions of this Code.

Our Relationship with Each Other

Each employee and director is expected to follow these important principles:

Our dealings with each other should be based on mutual trust and dedication to our Company. We are responsible to ourselves and the Company to treat each other with respect and dignity. Successful working relationships are built on trust.



CODE OF CONDUCT

At LPS, we take pride in the strong personal commitment of our people and excellence in achievement that results from that commitment. But this level of cooperation can only be achieved in a climate of trust and mutual respect. All of your dealings with your superiors, your subordinates or your supervisors should be conducted as a partnership, where each individual's behavior is governed by an overriding commitment to LPS's success. Each individual must fulfill his/her responsibilities and feel assured that others will also. This means providing necessary support to others, at every level, to get the job done. No individual or business unit can let its own priorities supersede those of the Company.

Your relationship with those you work with or supervise should set an example of decency, fairness and integrity in dealing with others. As a leader, you are responsible for clearly defining standards of performance and creating an environment that is conducive to team work.

No employee or director should misuse his or her position with the Company, including by pressuring subordinate Employees for personal purposes.

Everyone shall endeavor to provide a workplace free of harassment of any kind, including on the basis of race, color, sex, religion, age, national origin, citizenship status, sexual orientation, disability or any other factors prohibited by law. The Company will not tolerate (i) any sexual harassment or (ii) any other verbal or physical conduct in the workplace that disrupts or interferes with work performance or which creates an intimidating, hostile or otherwise offensive environment.

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

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.



CODE OF CONDUCT

Compliance with Laws, Rules & Regulations

We are strongly committed to conducting our business affairs with honesty and Integrity and in full compliance with all applicable laws, rules and regulations. Abiding the law both in letter and in spirit is a pillar upon which the Company's ethical standards are built. Although employees and directors of the Company are not expected to know every law that is applicable to the Company's business, it is important that employees and directors know enough to ask questions and seek advice from supervisors, managers, lawyers or other appropriate personnel if they have any doubt regarding the legality of any action taken, or not taken, on behalf of the Company. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason. The Company also disseminates information regarding compliance with the laws, rules and regulations that affect our business.

Any material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of the Code, apart from inviting appropriate civil or criminal action under the relevant laws.

Trading on Inside Information

Insider trading is prohibited by both Law as well as by the Company policy. Insider trading generally involves the act of subscribing or buying or selling of the Company's Securities, when in the possession of any Unpublished Price Sensitive Information about the Company. It also involves disclosing any Unpublished Price Sensitive Information about the Company to others who could subscribe or buy or sell the Company's Securities. Trading in securities of the Company on the basis of material, non-public information is unethical and illegal. Material information means all information that a reasonable investor would consider important in deciding whether to buy, sell or hold securities. Examples of types of material information include but are not limited to -

- Financial results for the quarter or the year;
- Financial forecasts and budgets;
- Possible mergers, de-mergers, acquisitions, joint ventures and other purchases/sale of companies or investments therein;
- Changes in relationships with significant customers;
- The gain or loss of important contracts;
- Major financing developments;
- Senior personnel changes;
- Major litigation developments; and



CODE OF CONDUCT

- Changes in dividend policies or the declaration of a stock split or the offering or repurchase of securities.

Insider trading invokes severe civil and criminal penalties not only on the insider but also on the Company in certain circumstances under the Securities and Exchange Board of India (SEBI) Act, 1992.

“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.

To comply with the SEBI (Prohibition of Insider Trading) Regulations, 2002, the Company has prepared a Code of Conduct for Prevention of Insider Trading. Copy of the said Code of Conduct for Prevention of Insider Trading is available with the Company Secretary.

Fraudulent & Unfair Trade Practices in the Securities Market

The Company’s securities are listed on Mumbai & Delhi Stock Exchanges in India. 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.

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.



CODE OF CONDUCT

Unauthorized use or distribution of proprietary information violates the Company's policy and could be illegal. Such use or distribution could result in negative consequences both for the Company and the individuals involved, including potential legal and disciplinary actions. We respect the proprietary rights of other companies and their proprietary information and require our employees, officers and directors to respect such rights.

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.

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.

All information, documents, and computer databases that are obtained or produced during an employee's employment with the Company are the property of the Company and shall not be removed from the Company's premises without authorization. This information shall not be used for the employee's personal benefit or the benefit of any person other than the Company during or after an employee's employment with the Company. Misuse of Company's furnishings, equipment, technology (including inappropriate internet usage), supplies or other assets, or removal of such assets from Company facilities, is prohibited.

These policies apply equally to property created, obtained or copied by or for the benefit of the Company (such as customer lists, files, reference materials, reports, computer software, data processing systems, databases and the like). Neither originals nor copies may be used for purposes other than Company's business. These assets and the tangible contributions an employee makes to their development and implementation, whether directly or indirectly, while employed within the Company, are the Company's property, and shall remain Company's property even if the employee leaves employment and cannot be taken, copied or destroyed by the employee following or in contemplation of employment termination.



CODE OF CONDUCT

Company 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 in accordance with any policy the Company may implement from time to time regarding document retention, is 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 behavior".

Corporate Opportunities

Directors and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Directors and employees 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.



CODE OF CONDUCT

If the Company has finally decided not to pursue an opportunity that relates to the Company's business activity, he/she may pursue such activity only after disclosing the same to the Board of directors or the nominated person/committee

Fair Dealing

Employees should market the Company's goods and services based upon their merits and advantages. It is always best for employees to emphasize the advantages of the Company's goods and services and to use great care to ensure that any comparisons of competitive offerings are both fair and accurate. It is neither necessary nor appropriate for employees to disparage competitors or their services unfairly when marketing the Company's products. False statements, misleading statements or innuendoes are improper and unacceptable. This kind of behavior, if permitted, could invite disrespect from the Company's customers and complaints from the Company's competitors.

Gifts

The purpose of business entertainment and gifts in a commercial setup is to create goodwill and sound working relationships, not to gain advantage with or give advantage to customers or suppliers (or any specific individual employed by customers or suppliers). No gift or entertainment should ever be offered, given, provided or accepted by any employee, director or family member of an employee or director unless it: (i) is not a cash gift, (ii) is consistent with customary business practices, (iii) is not excessive in value (should not be of value of Rs.1000/- and above), (iv) cannot be construed as a bribe or payoff and (v) does not violate any laws or regulations.

No employee or director may (i) use Company's supplier, consultant or contractor to work on his or her personal residence or business, or those of related persons, or (ii) pay, offer to pay, or give anything of value to another employee or director as an inducement or compensation for work-related services without proper authorization.

Governmental Affairs & Political Contributions

The Company's official policy concerning all governmental 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



CODE OF CONDUCT

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 293(1)(e) of the Companies Act, 1956 or this Code, employees should seek guidance from the Company's Legal/ Secretarial Department.

Environmental Policy

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.

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.

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 the education.



CODE OF CONDUCT

It is the Company's policy not to support child labor. The Company is aware of social reality of the existence of child labor 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 labor by actively contributing to the improvement of children's social situation.

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.

Compliance & Reporting of Any Illegal or Unethical Behavior

All employees & directors are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with immediately, including subjecting persons to corrective and/or disciplinary action including dismissal or removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities. The Company recognizes the need for this Code to be applied equally to everyone it covers. The Head of Secretarial Department will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Chairman & Managing Director and in the case of accounting, internal controls or auditing matters responsive to the Audit Committee of the Board of Directors, and the Company will provide the necessary resources to enable the Head of Secretarial Department to establish such procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with this Code. Questions concerning this Code should be directed to the Head of Secretarial Department.

The Company encourages all employees and directors to report any suspected violations promptly and intends to thoroughly investigate in good faith reports of violations. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees, officers and directors without fear of retribution or retaliation is vital to the successful implementation of this Code. You are required to cooperate in internal investigations of misconduct and unethical behavior.



CODE OF CONDUCT

Employees, officers and directors should promptly report any concerns about violations of ethics, laws, rules, regulations or this code, including by any senior executive officer or director, to their supervisors/managers or head of secretarial department or, in the case of accounting, internal controls or auditing matters, the audit committee of the board of directors. Any such concerns involving the head of secretarial department should be reported to the chairman & managing director. Interested parties may also communicate directly with the company's independent directors through contact information located in the company's annual report or its website.

The Head of Secretarial Department shall notify the Board, Corporate Governance & Remuneration Committee of any concerns about violations of ethics, laws, rules, regulations or this Code by any senior executive officer or director.

Any actions that may involve a conflict of interest should be reported to the Secretarial Department. In order to avoid conflicts of interests, senior executive officers and directors must disclose to the Head of Secretarial Department any material transaction or relationship that reasonably could be expected to give rise to such a conflict, and the Head of Secretarial Department shall notify the Board and Corporate Governance & Remuneration Committee of any such disclosure. Conflicts of interests involving the Head of Secretarial Department shall be disclosed to the Board and Corporate Governance & Remuneration Committee through Chairman & Managing Director.

Interpretation of Code

Any question or interpretation under this Code of Business Conduct and Ethics will be handled by the Chairman & Managing Director of the Company.

Amendments

Amendments to this Code must be approved by the Board of Directors and will also be disclosed in the Company's annual report and on the web site of the Company.