INDEX

S. No.	Particulars	Page No.
1.	Terms of Appointment	1 – 3
2.	Code for Independent Directors	4 – 8
3.	Code of Conduct for Board Members and Senior Management of the Company	9 – 11
4.	Code of Conduct to Regulate, Monitor and Report Trading by Insiders	12 – 37
5.	Section 149 of the Companies Act, 2013	38 – 41
6.	Section 166 of the Companies Act, 2013	42
7.	Extract of Regulation 17A of SEBI (LODR) Regulations, 2015	43

Terms and Conditions of appointment of Independent Directors of the Company in accordance with the requirements of Schedule IV to the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Terms of Appointment

1. Ms Sarita Kapur - Appointed for a term of 5 (five) consecutive years commencing from 28th August, 2025 to 27th August, 2030.

2. Shri Hemal Bharat Khandwala - Appointed for a term of 5 (five) consecutive years w.e.f. 26th August, 2022 to 25th August, 2027.

3. Shri Yogesh Kapur - Appointed for a term of 5 (five) consecutive years w.e.f. 26th August, 2023 to 25th August, 2028.

4. Shri Prabhakar Kadapa – Appointed for a term of 3 (three) consecutive years w.e.f. 30th September, 2024 to 29th September, 2027.

5. Shri Kanav Monga – Appointed for a term of 5 (five) consecutive years w.e.f. 3rd October, 2024 to 2nd October, 2029.

Independent Directors appointment will be subject to annual performance evaluation by the Board of Directors. The Independent Director shall not be liable to retire by rotation, pursuant to the provisions of the Companies Act, 2013 ("Act").

During the tenure, the Independent Director may be requested to serve on one or more committees of the Board as may be decided by the Board from time to time.

Role & Duties

The Company attaches the highest importance to Independent Director's all-round perspective while on the Board. As an Independent Director of the Company, we hope to derive the benefit of his vast experience on business matters and in advising the Company from time to time.

The Independent Director will perform his fiduciary duties in a responsible manner and his general legal responsibilities to the Company will be at par with a Non-Executive Director.

The Independent Director shall act in accordance with the Articles of Association of the Company and while discharging his duties, comply with the requirements of Section 166 and Schedule IV to the Act.

The Independent Director to be held liable only in respect of such acts of omission or commission by the Company which have occurred with his knowledge, attributable through Board processes, and with his consent or where Independent Director has not acted diligently.

Fees/Commission

Independent Directors will be entitled to remuneration by way of sitting fees for attending meetings of the Board, or Committee thereof, or any other purpose as may be decided by the Board, together with reimbursement of expenses for participation in the Board and Committee Meetings. Independent Directors will also be entitled to profit linked commission as approved by the Board and as per applicable provisions of the Act.

Other Directorships and Business Interests

The Board of Directors has an obligation to act in the best interest of the Company. While the Company acknowledges that Independent Directors may have business interests other than those of the Company, Independent Directors are requested to inform the Board of any apparent situations that present a potential or actual conflict of interest. Independent Directors are also requested to inform the Company on accepting Directorships of other Companies.

The Independent Director is an independent non-executive Director and will be identified as such in the annual report and other documentation of the company. If circumstances change, Independent Director should discuss the same with the Chairman of the Company as soon as possible.

In compliance with the requirements of the Act, Independent Directors are required to make certain disclosures related to and/or which might affect their role as a Director. These include:

- Promptly advising details of any interests, or changes thereto, in the Company's securities held;
- Provide a current list of their related parties and companies in which they hold positions as Director or other positions held by them.

Code of Conduct & other Compliances

During appointment, Independent Directors would be required to comply with all relevant regulations as may be issued by the Government of India and other authorized bodies as set up by the Government on its behalf, including the Code for Independent Directors, Insider Trading Code, Code of Conduct framed by the Board for all Board members and Senior Management under the Listing Regulations and such other requirements as the Board may specify from time to time.

At the first meeting of the Board in every financial year, or whenever there is any change in the circumstances which may affect status as an Independent Director, Independent Directors will give a declaration to confirm that they meet the criteria of independence as provided in Section 149(6) of the Act and the Listing Regulations.

Confidentiality

In a role of an Independent Director they will be in possession of confidential information about the Company and its affairs. Independent Directors may kindly use that information in performance of his duties only or as required by law.

Independent Directors must apply the highest standards of confidentiality and not disclose to any person or Company (during the course of the Appointment or within 3 (Three) years after the cessation), any confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unless such disclosure is expressly approved by the Board or required by law.

Insurance

The Company maintains Directors and Officers Insurance for its Board members. It pays all premiums pertaining to the same during the Appointment and after the Appointment in respect of any matter occurring or alleged to have occurred while they are/were a Director of the Company.

Cessation

On cessation of Appointment Independent Directors will deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Subsidiary/Associate Company.

Publication of the Letter of Appointment

In line with provision of Schedule IV of the Act and the requirement of the Listing Regulations, the letter of appointment will be open for inspection by any member and the Company is required to disclose the terms and conditions of the appointment on its website.

AS PER THE COMPANIES ACT, 2013

CODE FOR INDEPENDENT DIRECTORS

(As per Schedule IV of the Companies Act, 2013)

This Code is a guide to professional conduct of all Independent Directors. It is felt that adherence to these standards by Independent Directors, and fulfillment of their responsibilities accordingly, will promote confidence of the investment community, the minority shareholders and regulators in the institution of Independent Directors.

I. Guidelines of Professional Conduct:

The Independent Director shall:

(1) uphold ethical standards of integrity and probity;

(2) act objectively and constructively while exercising his duties;

(3) exercise his responsibilities in a bona fide manner in the interest of the Company;

(4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;

(5) 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;

(6) 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;

(7) refrain from any action that would lead to loss of his independence;

(8) where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;

(9) assist the Company in implementing the best corporate governance practices.

II. Role and Functions:

The Independent Directors shall:

(1) assist 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;

(2) bring an objective view in the evaluation of the performance of Board and Management;

(3) scrutinise the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance;

(4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

(5) safeguard the interests of all stakeholders, particularly the minority shareholders;

(6) balance the conflicting interest of all stakeholders;

(7) determine appropriate levels of remuneration of Executive Directors and Key Managerial Personnel;

(8) advise in the appointment of Key Managerial Personnel/Senior Management, and where necessary, recommend removal of Executive Directors, Key Managerial Personnel;

(9) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The Independent Directors shall:

(1) undertake appropriate induction advice and regularly update their skills, knowledge and familiarity with the Company;

(2) seek appropriate clarification or amplification of information and, where necessary, take appropriate professional advice and opinion of outside experts;

(3) strive to attend all meetings of the Board of Directors and of the Board committees of which he/she is a member;

(4) actively participate in the committees of the Board, where nominated;

(5) strive to attend the Annual/Special General Meetings of the Company;

(6) ensure that his/her concerns about the running of the Company or a proposed action are addressed by the Board. If not resolved, the concerns be 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) ensure that adequate deliberations are held before approvals of related party transactions in the interest of the Company;

(9) ensure that the Company has a functional vigilance mechanism and that the interests of persons who use such mechanism are not prejudicially affected;

(10) report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct or ethics policy;

(11) act within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;

(12) 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.

IV. Manner of Appointment:

(1) 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.

(2) The appointment of Independent Director(s) of the Company shall be approved at the meeting of the shareholders.

(3) 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 thereunder and that the proposed director is independent of the management.

(4) The appointment of Independent Directors shall be formalised 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) remuneration, periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) 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.

(6) The terms and conditions of appointment of Independent Directors shall also be posted on the Company's website.

V. Re-appointment:

The re-appointment of Independent Director shall be based on annual performance evaluation.

VI. Resignation or Removal:

(1) Resignation or removal of an Independent Director shall be as provided in sections 168 and 169 of the Companies Act.

(2) An Independent Director who resigns, or is removed, from the Board shall be replaced by a new Independent Director within three months from the date of such resignation/removal.

(3) Where the Company fulfills the requirement of Independent Directors in its Board without having to fill the vacancy created by such resignation/ removal, the requirement of replacement by a new Independent Director shall not apply.

VII. Separate Meetings:

(1) The Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of Non-Independent Directors and other members of management;

(2) All Independent Directors of the Company shall strive to be present at such meeting;

(3) 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 after taking into account the views of Executive Directors and Non-Executive Directors;

(c) assess the quality, quantity and timings of the flow of information between the Company management and the Board so that the Board and its members can perform their role effectively.

VIII. Evaluation Mechanism:

(1) The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

(2) On the basis of the performance evaluation, the Board will decide whether to extend or continue the term of appointment of the Independent Director.

(EXISTING FROM 2005 & CONTINUES)

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT OF THE COMPANY

INTRODUCTION

1. This Code of Conduct has been adopted by Rico Auto Industries Limited (the Company) to comply with the requirements of Clause 49 of the Listing Agreement executed by the Company with the Stock Exchanges, where the securities of the Company are listed i.e. The Stock Exchange, Mumbai and the National Stock Exchange of India Limited.

2. The purpose of this Code of Conduct ('the Code') is to conduct the business of the Company in accordance with the applicable laws, regulations, rules and with the highest standard of ethics and values and follow the practice of Good Corporate Governance. The matters covered in this Code are of utmost importance to the Company, Shareholders and other stakeholders.

3. The Code shall come in to force with immediate effect. The Board Members and Senior Management personnel, as defined herein below, shall be duty bound to follow the provisions of this Code.

Accordingly, the Directors of the Company, Senior Management, personnel (as defined herein below), are expected to read and understand the code and uphold these principles, rules and standards in their business dealings and activities.

A. APPLICABILITY

This Code of Conduct applies to the following:

1. All Members of the Board of Directors of the Company; (herein referred to as the **"Directors"**).

2. "Senior Management" shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally this would comprise of all members of management one level below the Managing Director, including all functional / Divisional heads.

B. THE CODE

1. **Conflicts of Interest**: The Directors and Senior Management should be scrupulous in avoiding 'conflicts of interest' with the Company. This is an area in which it is impossible to provide comprehensive guidance or guidelines but the guiding principle is that any event, activity or situation involving conflict or potential conflict of interest must be disclosed to Board for information and appropriate action.

2. **Honest and Ethical conduct**: The Directors and Senior Management shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct and use their powers of office, in good faith and in the best interest of the Company as a whole.

3. **Corporate Opportunities**: The Directors and Senior Management owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises and are expressly prohibited from improper use of information/ property or taking improper advantage of their position.

4. **Confidentiality**: The Directors and Senior Management shall maintain the confidentiality of information received from the Company or that from any customer, supplier or business associate of the Company to which Company has a duty to maintain confidentiality, except when disclosure is authorized or legally mandated. The Confidential information includes all non-public information (including private, proprietary and other) that might be of use of competitors disclosure of which might be harmful to the Company or its Associates. The use of confidential information for his/ her own advantage or profit or monetary gain, directly or indirectly is also prohibited.

5. **Protection and Proper Use of Company's Assets:** The Directors and Senior Management should protect Company's assets and property. Company's assets should be used only for legitimate business purposes. Nothing should be done directly or indirectly to harm or diminish the value of the assets and properties of the Company.

6. **Compliance with Laws, Rules, and Regulations**: The Directors and Senior Management shall endeavor to ensure compliance with all applicable laws, rules and regulations applicable to the Company. Transactions, directly or indirectly, involving securities of the Company should not be undertaken without complying with Code of Conduct for Prohibition of Insider Trading.

AMENDMENT OR MODIFICATION

Any amendment or modification of the Code would be approved by the Company's Board of Directors or a duly authorized Board's Committee or Chief Executive Officer (CEO).

C. COMPLIANCE WITH CODE OF CONDUCT

Each Director and Senior Management personnel shall adhere to this code of conduct and affirm compliance with the code on an annual basis as per the requirements of Clause 49 of the Listing agreement with the Stock Exchanges. Violation of the Code will lead to appropriate action.

CODE OF CONDUCT TO REGULATE, MONITOR & REPORT TRADING BY DESIGNATED PERSONS

OF

RICO AUTO INDUSTRIES LIMITED

INDEX

S. No.	Particulars	Page No.
1.	Background	1
2.	Scope & Objective	1
3.	Applicability	1
4	Definitions	
	• Act	1
	• Code or Code of Conduct	1
	• Company	1
	• Compliance Officer	1
	• Connected Person	2
	• Designated Person	2-3
	• Generally available information	3
	• Immediate Relative	3
	• Insider	3
	• Key Managerial Personnel	3
	• Trading	3
	• Trading Day	3
	• Trading Window	3
	• Unpublished Price Sensitive Information	3
5.	Standards for Code of Conduct to Regulate, Monitor and Report trading by Insiders	
	• Preservation of Price Sensitive Information	3
	• Need to Know	4
	• Limited access to confidential information	4
	• Trade in securities when in possession of unpublished price sensitive information	4-5
6.	Trading Plan	
	• Requisites of Trading Plan	5-6
	• Approval of Trading Plan	5-6
	• Execution of Trading Plan	6
7.	Trading Window	6-7
8.	Pre-clearance of Trades	7-9
9.	Disclosure of Trading by Insider	
	• Initial Disclosure	9
	• Continual Disclosure	9

10.	Reporting to the Board/Audit Committee	9
11.	Penalty for Contravention of the code	9-10
12.	Code of Fair Disclosure adopted by the Company	10
13.	Non-Compliance	
14	General	
15.	Annexure A – "Application for Pre-clearance"	11-13
16.	Annexure B – "Undertaking to be submitted alongwith the application for pre-clearance by the directors/officers/designated employees"	14
17.	Annexure C – "Pre-clearance Order"	15-16
18.	Annexure D – "Confirmation of Deal"	17-18
19.	Annexure E – "Application for waiver of minimum holding period"	19
20.	Annexure F – "Form A" under Regulation 7(1)(a)	20
21.	Annexure G – "Form B" under Regulation 7(1)(b)	21
22.	Annexure H – "Form C" under Regulation 7(2)	22
23.	Annexure I – "Form D" under Regulation 7(3)	23

RICO AUTO INDUSTRIES LIMITED

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

1. Background

The Securities and Exchange Board of India (SEBI) notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015with effect from 15th May, 2015. These Regulations were further amended/modified on 31st December, 2018 and made effective from 1st April, 2019.

Regulation 9 mandates listed company Boards to ensure the CEO/MD formulates an approved code of conduct to regulate, monitor, and report trading by designated persons and their immediate relatives. Compliance with the Regulations, while maintaining the minimum standards outlined in Schedule B therein, must be upheld without dilution.

2. Scope & Objective

The Regulations have primarily been made to prohibit trading in shares of the Company on the basis of Unpublished Price Sensitive Information i.e. any information which relates directly or indirectly to a Company and which if published, is likely to materially affect the price of shares of the Company.

The Code of Conduct aims to ensure monitoring, timely reporting and adequate disclosure of price sensitive information by the promoters, directors, key managerial personnel and connected person of the Company. Further, it also aims to bring transparency and fairness in dealing with the stakeholders and also ensuring the adherence to all applicable laws and regulations.

3. Applicability

This Code will be applicable to all Designated Persons and their Immediate Relatives as per the Regulations.

4. Definitions

4.1. "**Act**" means the Securities and Exchange Board of India Act, 1992.

4.2 "Board" or "Board of Directors" means the Board of the Company.

4.2. "**Code**" or "**Code of Conduct**" shall mean the Code of Conduct to Regulate, Monitor and Report trading by Designated Persons of Rico Auto Industries Limited as amended from time to time.

4.3. "**Company**" means Rico Auto Industries Limited.

4.4. "**Compliance Officer**" means Company Secretary or such other senior officer, designated so and reporting to the Board of Directors who is financially literate and is capable of appreciating requirements for legal and regulatory compliance

under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of the Company.

4.5. "**Connected Person**" means:

(i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officersor by being in any contractual, fiduciary or employment relationship orby being a director, officer or an employee of the Company or holds any position including a professional or business relationship between himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information(UPSI) or is reasonably expected to allow such access.

(ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established:

(a) an immediate relative of connected persons specified in clause (i); or
(b) a holding company or associate company or subsidiary company; or
(c) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
(d) an investment company, trustee company, asset management company or an employee or director thereof; or
(e) an official of a stock exchange or of clearing house or corporation; or
(f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
(g) a member of the Board of Directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
(h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
(i) a banker of the Company; or
(j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or hisimmediate relative or banker of the Company, has more than ten per cent, of the holding or interest; or
(k) Internal & External Auditors; or
(l) Consultants; or
(m) Investors Associations; or
(n) Research Agencies; or
(o) Media Agencies associated with the Company; or
(p) Publication Houses.

4.6. "**Designated Person**" means -

(i) Promoters and Promoter Group;
(ii) Board of Directors;
(iii) Key Managerial Personnel as defined in Section 2 (51) of the Companies Act, 2013 as amended from time to time;
(iv) All employees of the Company in the grade of Associate Vice President and above;
(v) Every employee in the finance, accounts, secretarial and legal department as may be determined and informed by the Compliance Officer;
(vi) Executive Secretaries/ assistants of Directors and Key Managerial Personnel; and
(vii) Connected persons as defined in para 4.5 above.

4.7. "**Generally available information**" means information that is accessible to the public on a non-discriminatory basis;

4.8. "**Immediate Relative**" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

4.9. "**Insider**" means any person who is: i) a connected person; or ii) in possession of or having access to unpublished price sensitive information;

4.10. "**Key Managerial Personnel**" means:

(i) the Chief Executive Officer or the managing director or the manager;
(ii) the Whole-time director;
(iii) the Chief Financial Officer; and
(iv) the Company Secretary.
(v) Such other officer as may be prescribed

as covered by clause (51) of Section 2 of the Companies Act, 2013.

4.11. "**Promoter**" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

4.12. **"Promoter Group"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

4.13. "**Trading**" means and includes subscribing, redeeming, switching buying, selling, dealing, or agreeing to subscribe. redeem, switch, buy, sell, deal in any securities, and "trade" shall be construed accordingly;

4.14. "**Trading day**" means a day on which the recognized stock exchanges are open for trading;

4.15. "**Trading Window**" means the period during which trading may be carried out in Company's Securities by Connected person;

4.16. "**Unpublished Price Sensitive Information**" (UPSI)– means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall ordinarily including but not restricted to, information relating to the following:

(i) financial results
(ii) dividends
(iii) change in capital structure
(iv) mergers, de-mergers, acquisitions, delisting's, disposals and expansion of business and such other transactions
(v) changes in key managerial personnel

Words and expressions used and not defined in this Code, but defined in the Act, Regulations, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereundershall have the meanings respectively assigned to them in such legislations.

5. Standards for Code of Conduct to Regulate, Monitor and Report trading by Insiders

5.1. Preservation of Price Sensitive Information

Insider shall maintain the confidentiality of all Unpublished Price Sensitive Information. He/she should not pass such information to any person including the other insider, unless the other person needs the same for some legitimate business purposes/ performance of duties.

5.2. Need to Know

Unpublished Price Sensitive Information is to be handled on a "Need toKnow" basis, i.e. such information shall not be shared with any person including the other insider except where such information is required to be passed for furtherance of legitimate purposes and for performance of dutiesor discharge of legal obligation.

5.3. Limited access to confidential information

Files containing Unpublished Price Sensitive Information or any such related confidential information shall be kept secure. Computer files must have adequate security of login and password and physical files shall be kept in safe custody under proper locks etc. Files containing confidential information, if not needed, should be deleted / destroyed after being used.

5.4. Trade in securities when in possession of unpublished price sensitive information

Save as provided in this Code and SEBI Regulations, no insider shall trade in securities of the Company when in possession of Unpublished Price Sensitive Information provided that the Insider may prove his innocence by giving valid reasons of the circumstances like:

a. the transaction is an off market inter-se transfer and transaction wascarried out through the block deal window mechanism between the insiders who were in possession of the same Unpublished Price Sensitive Information without breach of promises of regulation 3 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, if such transaction is made for legitimate purposeand both parties had made a conscious and informed trade decision.

b. The transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.

c. the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determinedin compliance with applicable regulations.

d. In case of non–individual insiders:-

   (i) the individuals who were in possession of such Unpublished Price Sensitive Information were different from the individuals taking trading decisions and such decision–making individuals were not in possession of such Unpublished Price Sensitive Information when they took the decision of trade; and

   (ii) such appropriate and adequate arrangements were in place and the information of the Unpublished Price Sensitive Information is not communicated from the individuals who were in possession of the Unpublished Price Sensitive Information to the individuals who took the decision for trade.

e. Trading is done pursuant to the trading plan submitted to the Company.

f. In cases of trades by Connected Person, the onus of establishing that they were not in possession of Unpublished Price Sensitive Information shall be on such Connected Person.

g. In any other case the onus would be on SEBI.

6. Trading Plan

An insider before possessing Unpublished Price Sensitive information may formulate a Trading Plan and the same shall be approved by the Compliance Officer after evaluation with regard to the Regulations and shall be notified to the stock exchange(s). By virtue of the pre-planned trading plan, an Insider can planfor trades to be executed by him/her in future. By doing so, the possession of Unpublished Price Sensitive Information when a trade under a trading plan is actually executed would not prohibit the execution of such trades that he/she had pre-decided even before the Unpublished Price Sensitive Information came into being. There are following stages for the implementation of the trading plan:

6.1. Requisites of Trading Plan

a. Any trading (as per the trading plan) shall only be executed on expiry of six months from the date of public disclosure of the said plan.

b. Trading, as per the trading plan, not to take place between 20th trading day prior to the last day of the financial period for which the results are required to be announced by the Company and 2 trading days after the disclosure of such financial results.

c. Insider can give one trading plan at a time and the same should not be for less than 12 months, i.e. there cannot be any overlapping of trading plans.

d. Any trading plan should set out either the value of trades or the number of securities to be traded, along with specific dates and time intervals.

e. Trading on the basis of such a trading plan should not lead to market abuse. If any manipulative activity is detected, it would be open to initiate proceedings for alleged breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities market) Regulations, 2003.

6.2. Approval of Trading Plan

a. An insider shall present the trading plan to the Compliance Officer for approval and public disclosure, pursuant to which trades may be carried out on his behalf in accordance with such plan.

b. The Compliance Officer shall review the Trading Plan.

c. The compliance officer shall assess whether the trading plan made by the Insider is not in violation of the said regulations.

d. The Insider shall provide the undertaking that he/she is not inpossession of Unpublished Price Sensitive Information or that he would ensure that any Unpublished Price Sensitive Information in his possession becomes generally available before he/she commences executing his trades.

e. The Compliance Officer shall approve the trading plan and notify the same to the stock exchanges on which the securities are listed.

6.3 Execution of Trading Plan

a. The trading plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan without any deviation.

b. The trading plan shall be deferred if any Unpublished Price Sensitive Information in possession of the Insider at the time of implementation of the plan has not become generally available.

c. Provided that pre-clearance of trades shall not be required for a trade

executed as per an approved trading plan.

7. Trading Window

7.1 All Designated Persons and their Immediate Relatives and any employee as the Board may deem fit, are not allowed to trade in the securities of the Company during the period(s) when the Trading Window is closed. The Trading Window shall remain closed for such period as may be informed prior to the happening of certain events in the nature of UPSI as defined in clause 4.16 above.

7.2 The Compliance Officer (in consultation with the Board of directors of the Company) may for a longer period close Trading Window for the events mentioned above or on any such other matter as they deem fit after taking into account the sensitivity of the event / case.

7.3 In case of declaration of financial results, the Trading Window shall beclosed during the period beginning from the last day of any financial period for which results are required to be announced and ending 48 hours afterthe public release of such results. In all other circumstances, the time for commencement of closing of Trading Window shall be as determined by the Compliance Officer in consultation with the Board of Directors.

7.4 The trading window may be re-opened after closure, not earlier than 48 hours after the UPSI in question becomes generally available.

7.5 The Compliance Officer shall take all reasonable steps to inform the Designated Persons and/or Insiders about the date of closing and re- opening of the Trading Window. The trading in the Company's securities would be permitted only on the expiry of forty eight hours after the information becomes publicly available.

7.6 The Trading Window shall also be applicable to any person having contractual or fiduciary relation with the Company such as auditors, accountancy firms, law firms, analysts, and consultants etc. assisting oradvising the Company and who are likely to have access to any Unpublished Price Sensitive Information. The Compliance Officer shall intimate the aforesaid persons having contractual or fiduciary relation withthe Company and handling such Unpublished Price Sensitive Information, of the requirements relating to handling of such information and restriction on Trading in the relevant Securities during the closure of the Trading Window.

7.7 In case of Employee Stock Option Plans (ESOPs), exercise of option may be allowed during the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when the Trading Window is closed.

8. Pre-clearance of trades

8.1 All Designated Persons of the Company who intend to deal, on their behalf and / or on behalf of their Immediate Relatives, in the securities of the Company

and where the transaction value of the securities intended to be traded exceeds Rs.10.00 Lakhs, (referred as threshold limit), whether in one transaction or a series of transactions over a calendar quarter, should obtain a pre-clearance for the transactions as per the pre-dealing procedure as described hereunder. Any pre-cleared trade not executed by the Designated Person or their Immediate Relatives within Seven (7) trading days of its pre clearance would require fresh clearance for the trades to be executed.

8.2 An application may be made in the prescribed format as annexed to the Code as **Annexure A**, to the Compliance Officer indicating the estimated transaction value and the number of securities that the Designated person, and/ or on behalf of his Immediate Relative, intends to deal in, the details as to the securities in such depository mode and such other details as maybe specified in this behalf.

8.3 Along with the request for pre-clearance of transaction, an undertaking shall be executed in favour of the Company by such Designated Person,that he/his Immediate Relatives are not in possession of Unpublished Price Sensitive Information. An undertaking shall be executed by the director / officer / designated employee of the Company as per the format annexed herewith in **Annexure B**.

8.4 The Compliance Officer may approve/dis-approve any of the pre-clearance requests, as per his analysis & checklist in the format prescribed in **Annexure C**. Designated Persons executing pre-cleared Trades shall file within 2 working days of the execution of the Trade, the details of suchTrade, with the Compliance Officer in the format set out in **Annexure D** of this Code. In the event such Trade is not executed, a report to that effect shall be filed with the Compliance Officer also in the format set out in **Annexure D** of this Code

8.5 All Designated Persons who is permitted to trade shall not execute a contra trade within 6 months of such trade in securities of the Company. The Compliance Officer is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations.

8.6 In case the contra trade is necessitated by emergency, the Compliance Officer may waive the holding period after recording in writing reasons inthis regard provided such waiver does not amount to violation of the SEBI Regulations or this Code. Similarly in the case of emergency of Trade by a Compliance Officer, the Compliance Officer may obtain the waiver from the Managing Director or in his absence, the Chairman of the Board, provided that such waiver does not violate this Code or the SEBI Regulations. The application for waiver shall be made in the format prescribed in **Annexure E** hereto.

8.7 In case a contra Trade is executed, inadvertently or otherwise, in violationof such a restriction, the profits from such Trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

8.8 In case it is observed by the Company/Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company shall promptly inform to the SEBI.

9. Disclosure of Trading by Insider

9.1. Initial Disclosure

a. Every promoter, member of the promoter group, Key ManagerialPersonnel and director shall provide the disclosure of his holding of securities of the company within 30 days of the implementation of these regulations to the Compliance officer as per **Annexure F**.

b. Every person appointed as Key managerial personnel or a director of the company or upon becoming the promoter or member of promoter group shall within 7 days of such appointment or becoming a Promoter, shall provide disclosure of his holding of securities to the Compliance Officer as per **Annexure G**.

9.2. Continual Disclosure

a. Every promoter, member of promoter group, designated person and director of the Company shall disclose, within 2 trading days, to the Compliance officer the number of securities acquired or disposed of, whether in one transaction or in series of transaction over any calendar quarter and the value of such transactions is in excess of Rs. 10.00 Lakhs as per **Annexure H**.

b. Any person/entities getting associated with the company and falling within the ambit of the 'Connected Person' are themselves to make sure that their concerned employees/associates do not enter into any share trading pertaining to the company during the period they are in

possession of Unpublished Price Sensitive Information and/or in contrary to the provisions of the said regulations. The said Connected Persons have to take requisite disclosure from its related employees. Also, the said Connected Person is required to provide the disclosure in the format as provided in **Annexure I**.

10. Reporting to the Board/Audit Committee

The Compliance Officer shall report to the Board and in particular, shall provide reports to the Chairman of the Audit Committee and to the Chairman of the Board once in a year.

11. Penalty for Contravention of the code

(i) Any Designated Person who trades in securities or communicates any information for trading in securities in contravention of the Code of Conduct may be penalized by SEBI as they may deem fit and appropriate action would be taken.

(ii) Designated Persons of the Company who violate the Code of Conduct shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension for future participation in employee stock option plan etc.

11.2. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

12. The following officials of the Company have been designated as Chief Investor Relations Officers to deal with dissemination and disclosure of unpublished price sensitive information subject to the approval of Board of Directors and/or Managing Director:

S. No.	Name of the Official	Designation
1.	Shri Rakesh Kumar Sharma	Chief Financial Officer
2.	Smt. Ruchika Gupta	Company Secretary

13. Non-Compliance

Non- compliance of the relevant provisions of the Act, read together with the Regulations will attract the penal provisions as per the respective laws.

13. General

a) **Review**

In case of any subsequent changes in the provisions of the Act and/or Listing Regulations, which makes any of the provisions in the Policy inconsistent with the Act and/or Listing Regulations, the provisions of the Act and/or Listing Regulations, as the case may be, shall prevail over the Policy and the provisions in this Policy will be modified in due course to make it consistent with provisions of applicable law (s).

The Managing Director of the Company shall be authorised to review and amend the Policy, to give effect to any changes/ amendments notified by any regulator under the applicable law from time to time. Such amended Policy shall be periodically placed before the Board for noting and necessary ratification

b) **Disclosure of the Policy**

This Policy will be disclosed on the company's website.

c) **Effective Date**

The amendments to this policy is effective from the date of Board Meeting in which it was approved - i.e. 11th November 2024.

ANNEXURE A

APPLICATION FOR PRE-CLEARANCE

To: The Compliance Officer
……..

From: Name
Designation
Department

Through Division/Department Head

With reference to the code for prohibition of Insider Trading of ……., I seek your approval to subscribe to/agree to subscribe to/purchase/sell/deal as an agent/principal in …… (Nos.) equity shares of the Company.

The statement of shareholding in Form "….." as on..... and Undertaking in the prescribed format are enclosed for your perusal in this connection.

Date: Signature

FORM FOR SEEKING PRE-CLEARANCE

Date:

The Compliance Officer,
Rico Auto Industries Limited
38 KM Stone, Delhi-Jaipur Highway
Gurugram – 122001, Haryana

Dear Sir,

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct to Regulate, Monitor and Report trading by Insiders, I seek your approval for buying/selling ……. no. of equity shares in my capacity as Director/Officer/Designated Employee and on behalf of my Immediate Relatives. The said shares will be bought/sold in the name of ……..…….. whose Depository Participant details and/or existing folio nos. are as under:

I. DETAILS OF SHAREHOLDING OF DIRECTORS/OFFICERS/DESIGNATED EMPLOYEES HELD IN THEIR OWN NAME.

Name	No. of shares held (with Folio/DP ID/ Client ID)	Nature of Transaction for which approval issought	No. of shares to be dealt

II. DETAILS OF SHARES HELD BY IMMEDIATE RELATIVES

Name	Relationship	No. of shares held (with Folio/DP ID/ Client ID)	Nature of Transaction for which approval is sought	No. of shares to be dealt

I agree to comply with the rules enclosed with this Form and I hereby declare that I am seeking this clearance on the basis that I do not have any Price Sensitive Information which by definition means only information which relates directly or indirectly to the Company and which if published, is likely to materially affect the priceof shares of the Company.

Enclosed please find Undertaking as per format prescribed by you.

Signature : ……..

Designation : ……..

RULES (Forming part of Annexure A)

1. An Undertaking as per the enclosed format would have to be enclosed with the Application.

2. After obtaining the clearance the orders would have to be executed within one week and if the order is not executed within one week after the approval is given, you would have to get the transaction pre-cleared once again.

3. Shares thus acquired should be held for a minimum period of Six months in order to be considered as being held for investment purposes. However, the Compliance Officer is empowered to grant relaxation from application of this clause and such reasons shall be recorded in writing which shall not be in violation of the Regulations.

4. Any transaction with regard to the Company's shares whether in one transaction or in series of transaction over any calendar quarter and the valueof such transactions exceeds Rs. 10.00 Lakhs in traded value should be communicated to the Company within 2 trading days of the conclusion of the transaction.

5. Submission of Annual Statements as on the last day of the Financial Year of the Company which is presently 31st March regarding all holdings in the Company's shares alongwith particulars of Immediate Relatives, within following 10 working days of the last day of the Financial Year.

ANNEXURE B

UNDERTAKING TO BE SUBMITTED ALONGWITH THE APPLICATION FOR PRE-CLEARANCE BY THE DIRECTORS/OFFICERS/DESIGNATED EMPLOYEES

I, ……., S/o. Mr……. residing at ……..,…… am desirous of dealing in …….. shares of the Company as mentioned in my application dated …….. for pre-clearance of the transaction.

As required by the Code of Conduct to Regulate, Monitor and Report trading by Insiders of Rico Auto Industries Limited, I hereby state that:

a) I have no access to nor do I have any information that could be construed as "Price Sensitive Information" as defined in the code upto the time of signing this undertaking.

b) In the event that I have access to or received any information that could be construed as "Price Sensitive Information" as defined in the code, after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the compliance officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public.

c) I have not contravened the provisions of the Code of Conduct to Regulate, Monitor and Report trading by Insiders as notified by the Company from timeto time.

d) I have made full and true disclosure in the matter.

Date:

Signature:

Name:

Designation:

ANNEXURE C

PRE-CLEARANCE ORDER

This is to inform you that your request for dealing in …….. (nos.) share of the Company as mentioned in your above-mentioned application is approved. Please note that the said transaction must be completed on or before …… … (date) that is within 7 days from today.

Date :

For ……..

Compliance Officer

FORMAT OF APPROVAL LETTER BY THE COMPANY

Date :

……
……
……

Dear Sir,

I, refer to your application dated …… pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct to Regulate, Monitor and Report trading by Insiders for seeking our permission to buy/sell …… no. of shares of the Company.

The Company hereby gives its consent to buy/sell not more than ……. no. of shares of the Company provided the above transaction is not based on any unpublished Price Sensitive Information relating to the Company.

Your kind attention is drawn to the following provisions which you need to, inter-alia, strictly observe in terms of the above Regulations while dealing in the shares of the Company.

1. The Transaction would have to be executed within one week and if the same isnot executed within one week after the approval is given, you would have to getthe transaction pre-cleared once again.

2. Shares thus acquired should be held for a minimum period of Six months in order to be considered as being held for investment purposes. However, the Compliance Officer is empowered to grant relaxation from application of thisclause and such reasons shall be recorded in writing which shall not be in violation of the Regulations.

3. Any transaction with regard to the Company's shares under this approval should be communicated to the Company within 2 working days of the conclusion of the transaction as per the enclosed Confirmation Letter and Dealing Information Form as per Annexure "D".

It may please be noted that any violation in compliance with aforesaid regulation would attract penal provisions by the Company, which would include Wage Freeze, Suspension or ineligibility to participate in future ESOPs. This would not precludeSEBI from taking its own action.

Thanking you,

Yours faithfully,
For **Rico Auto Industries Limited**

Compliance Officer

ANNEXURE D

CONFIRMATION OF DEAL

(To be intimated within two days)

The Compliance Officer,
Rico Auto Industries Limited
38 KM Stone, Delhi-Jaipur Highway
Gurugram - 122001
Haryana

I confirm that the share dealing for which approval was granted on …… was completed on …….. by purchasing/selling……. (nos.) equity shares of the Company.

Date : Signature :

DEALING INFORMATION FORM

Date :

The Compliance Officer,
Rico Auto Industries Limited
38 KM Stone, Delhi-Jaipur Highway
, Gurugram - 122001
Haryana

Dear Sir,

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct to Regulate, Monitor and Report trading by Insiders, I hereby inform you about buying/selling ……. No. of shares in my capacity as Director/Officer/Designated Employees alongwith my Immediate Relatives.

I declare that the above dealing was not on the basis of any unpublished Price Sensitive Information relating to the Company.

Signature :

Designation :

ANNEXURE E

APPLICATION FOR WAIVER OF MINIMUM HOLDING PERIOD

Date_____

The Compliance Officer,
Rico Auto Industries Limited
38 KM Stone, Delhi-Jaipur Highway,
Gurugram - 122001
Haryana

Dear Sir,

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 and Code of Conduct to Regulate, Monitor and Report Trading by Insiders, I_____(name and designation of the Designated Person) had_____(provide the details of purchase/sale/subscribe for shares as the case may be)_____(number of securities) of the Company on_____after obtaining pre-clearance on _____. The details of transaction executed were submitted on _____(date) in format prescribed. I seek your approval to waive off the time restrictions and permit to execute a contra-trade for_____(number of securities) of the Company due to_____
_____(valid reason(s) for executing contra trade).

I declare that I am not in possession of any Unpublished Price Sensitive Information (as defined under the Code of Conduct to Regulate, Monitor and Report Trading by Insiders) up to the date of this application.

I further declare that in case I have access to any Unpublished Price Sensitive Information after the signing of this application and before executing a contra- trade (if permitted), I shall:

1. Promptly inform the Compliance Officer

2. Refrain from trading in securities of the Company.

Thanking you,

Yours faithfully

Name & Signature:
Designation:

Date:
Place:

Enclosed:

1. Copy of pre-clearance approval

2. Copy of execution of previous trade

ANNEXURE F

FORM A

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7(1)(a) read with Regulation 6(2)]

Name of the company: Rico Auto Industries Limited

ISIN of the company: INE209B01025

Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person(Promoters/ KMP/Directors/ immediate relatives/others etc.)	Securities held as on the date of regulation coming into force		% of Shareholding
		Type of security (For eg. – Shares,Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5

Open Interest of the Future contracts held as on the date of regulation coming into force		Open Interest of the Option Contracts held as on the date of regulation coming into force	
Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms
6		7	

Note: *"Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

Signature :
Designation :
Date :
Place :

ANNEXURE G

FORM B

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7(1)(b) read with Regulation 6(2)]

Name of the company: Rico Auto Industries Limited

ISIN of the company: INE209B01025

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2)

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person(Promoters/ KMP/Directors/ immediate relatives/others etc.)	Date of Appointment of Director/ KMP or Date of becoming Promoter	Securities held at the time of becoming Promoter/ appointment of Director/ KMP		% of Shareholding
			Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP		Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP	
Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms
7		8	

Note: *"Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

Signature :
Designation :
Date :
Place :

ANNEXURE H
FORM C

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7(2) read with Regulation 6(2)]

Name of the company: Rico Auto Industries Limited

ISIN of the company: INE209B01025

Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2)

Name, PAN No., CIN/DIN & address of Promoter/ Employee/ Director with contact nos.	Category of Person (Promoters/ KMP/ Directors/ Immediate Relatives/ others etc.)	Securities held prior to acquisition/ disposal		Securities acquired/ disposed		% of shareholding		Date of Allotment advice/ acquisition of shares/sale of shares specify	
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Type of security (For eg. Shares, Warrant, Convertible Debentures etc.)	No.	Pre transaction	Post transaction	From	To
1	2	3	4	5	6	7	8	9	10

Date of Intimation to company	Mode of acquisition (market purchase/ public/rights /preferential offer/off market/Inter-se transfer etc.)	Trading in Derivatives (Specify type of contract, Futures or options etc.)				Exchange on which the trade was executed
		Buy		Sell		
		Value	Number of units (contracts * lot size)	Value	Number of units (contracts * lot size)	
11	12	13	14	15	16	17

Note: *"Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

Signature :
Designation :
Date :
Place :

ANNEXURE I

FORM D (Indicative Format)

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

Regulation 7(3) – Transactions by Other connected persons as identified by the company

Name, PAN No., CIN/DIN & address of connected persons, as identified by the company with contact nos.	Connection with company	Securities held prior to acquisition/ disposal		Securities acquired/ disposed		% of shareholding		Date of Allotment advice/ acquisition of shares/sale of shares specify	
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Type of security (For eg. Shares, Warrant, Convertible Debentures etc.)	No.	Pre transaction	Post transaction	From	To
1	2	3	4	5	6	7	8	9	10

Date of Intimation to company	Mode of acquisition (market purchase/ public/rights /preferential offer/off market/Inter-se transfer etc.)	Trading in Derivatives (Specify type of contract, Futures or options etc.)				Exchange on which the trade was executed
		Buy		Sell		
		Value	Number of units (contracts * lot size)	Value	Number of units (contracts * lot size)	
11	12	13	14	15	16	17

Note: *"Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

Signature :
Designation :
Date :
Place :

SECTION 149 OF THE COMPANIES ACT, 2013

COMPANY TO HAVE BOARD OF DIRECTORS

(1) Every company shall have a Board of Directors consisting of individuals as directors and shall have—

(a) a minimum number of three directors in the case of a public company, two directors in the case of a private company, and one director in the case of a One Person Company; and

(b) a maximum of fifteen directors:

Provided that a company may appoint more than fifteen directors after passing a special resolution.

Provided further that such class or classes of companies as may be prescribed, shall have at least one woman director.

(2) Every company existing on or before the date of commencement of this Act shall within one year from such commencement comply with the requirements of the provisions of sub-section (1).

(3) Every company shall have at least one director who stays in India for a total period of not less than one hundred and eighty-two days during the financial year:

Provided that in case of a newly incorporated company the requirement under this sub-section shall apply proportionately at the end of the financial year in which it is incorporated.

(4) Every listed public company shall have at least one-third of the total number of directors as independent directors and the Central Government may prescribe the minimum number of independent directors in case of any class or classes of public companies.

Explanation—For the purposes of this sub-section, any fraction contained in such one-third number shall be rounded off as one.

(5) Every company existing on or before the date of commencement of this Act shall, within one year from such commencement or from the date of notification of the rules in this regard as may be applicable, comply with the requirements of the provisions of sub-section (4).

(6) An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his/her total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(d) none of whose relatives—

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

(e) who, neither himself nor any of his/her relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his/her employment during preceding three financial years.

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his/her relatives two per cent. or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or

(f) who possesses such other qualifications as may be prescribed.

(7) Every independent director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the criteria of independence as provided in sub-section (6).

Explanation— For the purposes of this section, “nominee director” means a director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any Government, or any other person to represent its interests.

(8) The company and independent directors shall abide by the provisions specified in Schedule IV.

(9) Notwithstanding anything contained in any other provision of this Act, but subject to the provisions of sections 197 and 198, an independent director shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of section 197, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

(10) Subject to the provisions of section 152, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.

(11) Notwithstanding anything contained in sub-section (10), no independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director:

Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.

Explanation—For the purposes of sub-sections (10) and (11), any tenure of an independent director on the date of commencement of this Act shall not be counted as a term under those sub-sections.

(12) Notwithstanding anything contained in this Act—

(i) an independent director; and

(ii) a non-executive director not being promoter or key managerial personnel, shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his/her knowledge, attributable through Board processes, and with his/her consent or connivance or where he/she had not acted diligently.

(13) The provisions of sub-sections (6) and (7) of section 152 in respect of retirement of directors by rotation shall not be applicable to appointment of independent directors.

SECTION 166 OF THE COMPANIES ACT, 2013

DUTIES OF DIRECTORS

(1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.

(2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.

(3) A director of a company shall exercise his/her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(4) A director of a company shall not involve in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

(5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his/her relatives, partners, or associates and if such director is found guilty of making any undue gain, he/she shall be liable to pay an amount equal to that gain to the company.

(6) A director of a company shall not assign his/her office and any assignment so made shall be void.

(7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

Extract of Regulation 17A of SEBI (LODR) Regulations, 2015

Maximum number of directorships

The directors of listed entities shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time -

(1) A person shall not be a director in more than eight listed entities with effect from April 1, 2019 and in not more than seven listed entities with effect from April 1, 2020:

Provided that a person shall not serve as an independent director in more than seven listed entities.

(2) Notwithstanding the above, any person who is serving as a Whole Time Director / Managing Director in any listed entity shall serve as an independent director in not more than three listed entities.

For the purpose of this sub-regulation, the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.