

**MODULEX CONSTRUCTION TECHNOLOGIES LIMITED**  
**(Formerly known as Tumus Electric Corporation Limited)**

**Code of Conduct for Directors and Senior Managerial Personnel**

**1. INTRODUCTION**

Modulex Construction Technologies Limited ('hereinafter referred to as the 'Company') is a leading professionally managed Company emerging as one of the foremost enterprise in production, building, supplying, fabricating and manufacturing modular steel building. Project that aims to harness the potential of emerging, dynamic market like india and support its growing need with a practical and profitable solution for its construction.

The Company's philosophy on Corporate Governance is built on rich legacy of fair, transparent and effective governance. This includes respect for human values, individual dignity and adherence to honest, ethical and professional conduct.

The Company's Code of Conduct ensures compliance with the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. Accordingly, the Board of Directors of Modulex Construction Technologies Limited adopted this Code of Conduct which is applicable to the Directors on the Board of the Company and Senior Managerial Personnel.

The Code of Conduct details as following:

- Guidance on ethical standards of conduct on various matters including conflict of interest, acceptance of positions of responsibilities, treatment of business opportunities etc.;
- Responsibility of Directors to comply with Insider Trading regulations and applicable laws; and
- Procedure for annual affirmations to the Code of Conduct by Directors and Senior Managerial Personnel.

**2. OBJECTIVE**

The Board of Directors (the "Board") and the Senior Managerial Personnel of the Company have, pursuant to the mandatory requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR regulations), as amended from time to time.

The Companies Act, 2013 (hereinafter referred to as "the Act") which has become effective from April 1, 2014, inter alia, mandates that the Company and its Independent Directors shall abide by the provisions specified in Schedule IV thereto. Schedule IV to the Act, inter alia, lays down a code for Independent Directors. It also lays down the role and functions of the Independent Directors apart from incorporating their duties.

The LODR Regulations also specifies that the Board shall lay down a Code of Conduct which shall apply to all its Directors and the Senior Managerial Personnel. It is also necessary that the Code of Conduct should be posted on the website of the Company.

All Board Members and Senior Management Personnel shall affirm compliance with the Code on

an annual basis and the Annual Report of the Company should contain a declaration to this effect duly signed by the Chief Executive Officer (CEO) of the Company.

### **3. EFFECTIVE DATE OF THE POLICY**

The Board of Directors of the Company have, at their Meeting held on February 14, 2019 decided to adopt Code of Conduct to incorporate the requirements of the Act and the LODR regulations. This Code of Conduct shall apply to all the Directors and Senior Managerial Personnel.

### **4. DEFINITIONS**

The definitions of some of the key terms used in the Code are given below:

- i. **“Company”** means “Modulex Construction Technologies Limited” or also referred to as “Modulex”.
- ii. **“Director”** means any Director appointed to the Board of the Company, which includes, Executive Director, Non- Executive Director, Nominee Director, Additional Director, Alternate Director.
- iii. **“Senior Management” or “Senior Managerial Personnel”** means officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer / managing director / whole time director / manager (including chief executive officer / manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

Words and expressions used and defined and/or used but not defined in this Code shall have the same meaning assigned to them in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Companies Act, 2013 and the rules and regulations made thereunder, to the extent relevant in connection with this Code, as the case may be or in any amendment thereto.

### **5. STANDARDS OF CONDUCT**

The Directors and Senior Managerial Personnel shall conduct the Company’s business in an efficient and transparent manner in meeting its obligations towards the shareholders and other stakeholders. The Directors and Senior Managerial Personnel shall not be involved in any activity that would have any adverse effect on the objectives of the Company or against national interest. The following elucidates the Company’s position on the manner of conduct of the Company’s businesses:

#### **a) Honest & Ethical Conduct**

- The Directors and Senior Managerial Personnel shall act honestly, fairly, ethically with loyalty and conduct themselves in a professional, courteous and respectful manner.
- Independent Director shall also abide with the provisions of the "Code of Independent Directors" as provided in Schedule IV of the Companies Act, 2013 annexed herewith as **Annexure I**, as amended and for the time being in force.
- The Directors and Senior Managerial Personnel shall act in the best interest of the

Company and in a manner to enhance and maintain the reputation of the Company, and fulfill their fiduciary duties to the stakeholders of the Company.

- The Directors and Senior Managerial Personnel expected to act in good faith, with responsibility, due care, competence, diligence and independence.
- The Directors and Senior Managerial Personnel should treat their colleagues and other associates of the Company with dignity and shall not misbehave with any of them.

**b) Confidentiality of Information**

Every Director and Senior Managerial Personnel has to secure, preserve, safeguard and use modestly, confidential information in the best interest of the Company. He should not divulge or communicate such information to third parties except when authorized for the business reasons.

**c) Conflict of Interest**

- The Directors and Senior Managerial Personnel should avoid any relationship, influence or activity that may impair the ability to make objective and fair decisions.
- The Directors and Senior Managerial Personnel should avoid the acceptance or continuation of any position of influence or of pecuniary interest, directly or indirectly, in any other organization or indulge themselves in a business, without prior approval of the Board/Committee; during their tenure, which is in competition with the Company.
- The Directors and Senior Managerial Personnel are responsible for effective control and appropriate use of all Company's resources entrusted to them in the official discharge of their duty.

**d) Compliance with Laws and Regulations**

The Directors and Senior Managerial Personnel are expected to comply with government laws, rules and regulations as may be applicable to the Company and applicable policies and procedures adopted by the Company, both in letter and spirit.

**e) Clean Environment, Safety & Health**

In all aspects of Company's operations, its employees, customers and society, safe, healthy and clean environment shall be given prime importance.

**f) Insider Trading and fraudulent & unfair practices in the securities market**

The Directors and Senior Managerial Personnel and their relatives shall not derive any benefit from the access to and possession of information about the Company, which is not in public domain and thus constitutes insider information. They shall also ensure compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other regulations as may become applicable to them from time to time in addition to the Company's policy for Prevention of Insider Trading.

The Company also prohibits its Directors and Senior Managerial Personnel in undertaking any fraudulent or unfair trade practice in connection with the securities of the Company.

**g) Financial reporting and disclosures**

The Directors and Senior Managerial Personnel shall ensure that no willful omission of any Company transactions from the books and financial records and all required information shall be provided to the Auditors.

**h) Conduct with Revenue Agencies**

The Company's policy is to respect the spirit and intention of various laws and rules governing the imposition of taxes, such as Income Tax, GST, Municipal Taxes or such related taxes. It is the responsibility of concerned Covered Officials /employees to minimize the tax burden of the Company through legitimate means and under advice from qualified experts. However, Covered Officials/employees will under no circumstances compromise the position of the Company by being a party to tax evasion or non-compliance of tax laws/rules.

**i) Discrimination**

All the members of the Company have the right to fair, polite and respectful treatment by their superiors, employees and colleagues. No one may be harassed, discriminated or, without justified reason, placed at a disadvantage on account of sex, race, caste, colour of skin, nationality, political inclinations, age, physical constitution or outward appearance.

Every Directors and Senior Managerial Personnel is obliged to respect the personal sphere of other employees. Sexual harassment is prohibited. Recruitment of employees will be solely on merit with no bias to community, caste or religion.

**j) Protection of company property and business secrets**

Business secrets and other confidential information must be treated in confidence and must be protected from onward transmission to unauthorized persons.

**k) Duties of Director (Under The Companies Act, 2013)**

Section 166 of the Companies Act 2013 provides duties of Directors, as reproduced here below.

Subject to the provisions of this Act, a Director of a company shall act in accordance with the Articles of the company.

- 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.
- A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that

- gain to the company.
- A director of a company shall not assign his office and any assignment so made shall be void.
  - 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.

Above mentioned duties and provisions shall be read in context of any amendment or clarification in the above referred section.

#### **6. PROMPT INTERNAL REPORTING OF VIOLATIONS OF THE CODE**

The Director or Senior Management Personnel, who becomes aware of any existing or potential violation of this Code, is required to notify the chairman of the Company's Audit Committee promptly. Failure to do so is itself a violation of this Code. To encourage reporting of violations, the Company will not retaliate, or permit retaliation, for reports made in good faith.

#### **7. AMENDMENTS AND WAIVERS**

The Code may be amended or modified, after due consultation and approval by the Company's Board of Directors and disclosed on the Company's website. Any waiver of this Code for a Director or Senior Management Personnel must be approved in writing by the Company's Board of Directors

#### **8. ACKNOWLEDGEMENTS AND ANNUAL CONFIRMATION**

The Director and Senior Management Personnel shall acknowledge the receipt of this Code indicating that they have received, read and understood, and agreed to comply with the Code and submit such an acknowledgement at the time when their Directorship begins and in case of other Management Personnel when they assume the responsibility of Senior Management Personnel.

All the Directors and the Senior Management Personnel to whom the Code applies shall, on close of every financial year affirm compliance with the Code.

## **Annexure I**

### **Schedule IV/ Section 149(8) of the Companies Act 2013**

#### **CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

#### **I. Guidelines of professional conduct**

An 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) help 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) scrutinize 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 the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **III. Duties of Independent Directors**

The independent directors shall:

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not

- resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
  - (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
  - (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
  - (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
  - (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
  - (12) act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees; and
  - (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **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 fulfils 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) the remuneration, mentioning 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 on the basis of report of performance evaluation.

#### **VI. Resignation or removal**

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfills the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **VII. Separate meetings of independent directors**

- (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 members of

management.

- (2) All the 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, taking into account the views of executive directors and non-executive directors;
  - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**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 report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.