

# **CODE OF CONDUCT** **FOR BOARD MEMBERS AND SENIOR MANAGEMENT OF PUNCOM**

*[pursuant to provisions of Regulation 26(3) of SEBI (LODR) Regulations, 2015  
and Companies Act, 2013]*

The Board of Directors have adopted an amended Code of Conduct for Board members and Senior Management in accordance with the requirements of provisions of SEBI (Listing Obligations and Disclosure Requirements), 2015 which were effective from 2<sup>nd</sup> December, 2015, in their 186<sup>th</sup> Board Meeting held on 27<sup>th</sup> May, 2016.

Earlier, the Board through a resolution by Circulation dated December 29, 2005 adopted the Code of Conduct of the Company applicable to Board Members and Senior Management as per Clause 49 of the Listing Agreement which was ratified subsequently by the Board in its 138<sup>th</sup> Meeting held on 25<sup>th</sup> January, 2006.

## **PREAMBLE**

*Our company is striving to achieve highest standards of corporate governance that help in strengthening the management and decision making process thereby bringing the requisite harmony in the functioning of a Company as a cohesive team to serve the goal of enhancing shareholders value & to create wealth for its stake holders. The company is committed towards increasing transparency, accountability, investors' trust, shareholders' value and have equal concern for all stakeholders who have always supported the Company in its thick and thin. In continuation of this effort this Code of Conduct earlier constituted for Board of Directors, Committee Members and Senior Management of the company as per the requirements of sub-clause VIII (D) of Clause 49 of the Listing Agreement is now reconstituted in accordance with new SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 which have replaced the earlier Listing Agreement*

*This Code of Conduct, as amended, adopted and approved in the 186<sup>th</sup> Board Meeting held on 27<sup>th</sup> May, 2016, is also available on the website of the company at [www.puncom.com](http://www.puncom.com)*

## **CHAPTER 1 – SHORT TITLE AND COMMENCEMENT**

**1.1** This Code may be called as “Code of Conduct for Board Members and Senior Management of Puncom”.

## **CHAPTER 2 – APPLICABILITY**

**2.1** This Code shall be applicable to the members of the Board, Committees and Senior Management of the company.

## **CHAPTER 3 – DEFINITIONS**

**3.1** **Board of Directors or Board**, in relation to the company, means the collective body of the directors of the company.

**3.2** **Chief Executive Officer** shall mean an officer of a company, who has been designated as such or a director appointed as Managing Director of the Company under the Companies Act, 2013 who by virtue of the of the Articles of Association of the Company or

an agreement with the Company or a resolution passed in the General Meeting or by the Board of Directors, is entrusted with substantial powers of management of the affairs of the Company, or is designated as the Managing Director of the Company.

- 3.3 Chief Financial Officer** shall mean an officer of a company, who has been designated as such and who shall be either a member of the Institute of Chartered Accountants of India or Institute of Cost and Works Accountants of India and who will be Functional Head of the Finance and/or Accounts and/or Commercial Division of the company and he shall be authorised to give certificate as required under sub-clause IX of Clause 49 of the Listing Agreement.
- 3.4 Committee** shall mean the Committee constituted by the board of Directors of the company.
- 3.5 The Company or the Listed entity** shall mean “Punjab Communications Limited”.
- 3.6 Compliance Officer** shall mean any person designated so, as per Listing Agreement and who shall be a member of the Institute of Company Secretaries of India and is working in the capacity of the Company Secretary of the Company.
- 3.7 Conflict of Interest** means where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.
- 3.8 Director** means a director appointed to the Board of the company or the person who are appointed as Directors of the company as per the provisions of the Articles of Association and/or Companies Act, 2013.
- 3.9 Executive Director** shall mean a whole time director as defined in clause (94) of section 2 of the Companies Act, 2013 and include Company’s Managing Director, Functional Directors, and such other Directors, who are in full time employment of the Company.
- 3.10 Financial Management Expertise** shall mean to have accounting or related financial management expertise if a member possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief Executive officer, financial officer, or other senior officer with financial oversight responsibilities.
- 3.11 Financially Literate** means the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.
- 3.12 Functional Head** shall mean a Head of Division/Department or an employee who has been entrusted responsibility of managing any one or more departments of the Company.

**3.13 Independent director** as defined under Regulation 16(1)(b) of SEBI(LODR) Regulations, 2015 means a non-executive director, other than a nominee director of the listed entity:

- (i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- (ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company;
- (iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- (iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (v) none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (vi) who, neither himself, nor whose relative(s) —
  - (A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (B) 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 is proposed to be appointed, of —
    - (1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
    - (2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
  - (C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or
  - (D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, 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 listed entity;
  - (E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;
- (vii) who is not less than 21 years of age.

- 3.14 Insider Trading Regulations** means the “The Insider Trading Code for Punjab Communications Limited, 2002 (as amended or re-enacted from time to time)”.
- 3.15 Listing Agreement** shall mean an agreement that is entered into between a recognised stock exchange and an entity, on the application of that entity to the recognised stock exchange , undertaking to comply with conditions for listing of designated securities
- 3.16 Non-Executive Director** shall mean and include those members on Board who are not in whole time employment of the Company.
- 3.17 Senior Management** shall mean officers/personnel of the listed entity 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 executive directors, including all functional heads.
- 3.18 the Code** means this Code of Conduct for Board and Senior Management of ‘Puncom’
- 3.19 the Companies Act, 2013** means the Companies Act, 2013, read with rules framed thereunder and as amended from time to time.

The words and phrases which are not defined shall have the same meaning as defined in the Companies Act, 2013 and/or Listing Agreement with the Stock Exchanges and/or as it shall have in the language of English.

#### **CHAPTER 4 – STRUCTURE, FUNCTIONS & RESPONSIBILITIES OF THE BOARD**

##### **4.1 Structure of Board and its composition:**

The size of the Board of Directors and its composition will be governed by the provisions of the Articles of Association, Listing Agreement and the Companies Act, 2013.

##### **4.2 Responsibilities of the Board of Directors: (Regulation 4(2)(f) of SEBI (LODR) Regulations, 2015 :**

The board of directors of the listed entity shall have the following responsibilities:

###### **(i) Disclosure of information:**

- (1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- (2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

**(ii) Key functions of the board of directors:**

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
- (5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- (6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- (8) Overseeing the process of disclosure and communications.
- (9) Monitoring and reviewing board of director's evaluation framework.

**(iii) Other responsibilities:**

- (1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- (2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- (4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- (5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- (7) The board of directors shall exercise objective independent judgement on corporate affairs.

- (8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- (9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.
- (10) The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.
- (11) When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
- (12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- (13) In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- (14) The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

#### **4.3 Role and functions of Independent Directors**

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) 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 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.

#### **4.4 Duties of Independent Directors**

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **4.5 Obligations with respect to independent directors (Regulation 25 of SEBI (LODR) Regulations, 2015)**

- (1) A person shall not serve as an independent director in more than seven listed entities:  
Provided that any person who is serving as a whole time director in any listed entity shall serve as an independent director in not more than three listed entities.
- (2) The maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.
- (3) The independent directors of the listed entity shall hold at least one meeting in a year, without the presence of non-independent directors and members of the

- management and all the independent directors shall strive to be present at such meeting.
- (4) The independent directors in the meeting referred in sub-regulation (3) shall, inter alia-
    - (a) review the performance of non-independent directors and the board of directors as a whole;
    - (b) review the performance of the chairperson of the listed entity, 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 management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.
  - (5) An independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, attributable through processes of board of directors, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in these regulations.
  - (6) An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later:  
Provided that where the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.
  - (7) The listed entity shall familiarise the independent directors through various programmes about the listed entity, including the following:
    - (a) nature of the industry in which the listed entity operates;
    - (b) business model of the listed entity;
    - (c) roles, rights, responsibilities of independent directors; and
    - (d) any other relevant information.

#### **4.6 Obligations with respect to directors and senior management (Regulation 26 of SEBI (LODR) Regulations, 2015:**

- (1) A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a director which shall be determined as follows:
  - (a) the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded;
  - (b) for the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.



- (2) Every director shall inform the listed entity about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.
- (3) All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.
- (4) Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the listed entity in which they are proposed to be appointed as directors, in the notice to the general meeting called for appointment of such director
- (5) Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

Explanation.- For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.

#### **4.7 Well defined Directors' role**

- a) All Directors shall take decisions objectively in the interests of the Company.
- b) Chairperson: To play a 'pivotal' role in creating the conditions for overall board and individual non-executive directors' effectiveness besides arranging the regular evaluation of the individual and collective performance of the Board and the Committees constituted by the Board.
- c) Non-Executive Directors: To constructively challenge and contribute to the development of the strategy of the Company, scrutinize the performance of the management in meeting agreed goals, and ensure the integrity of financial information, the effectiveness of financial controls and systems of risk management including the role as set out by the Companies Act, 2013 and/or Listing Agreement signed by the Company with the Stock Exchange(s).
- d) Independent Directors: Shall periodically review legal compliance reports prepared by the Company as well as steps taken by the Company to cure any taint. In the event of any proceedings against an Independent Director in connection with the affairs of the Company, defense shall not be permitted on the ground that the Independent Director was unaware of this responsibility.

#### **4.8 Role of Executive/ Whole time-Director**

The role of the Executive/Whole time-Director(s) shall be as set out by the Companies Act, 2013 and the rules made thereunder and/or SEBI (LODR) Regulations, 2015 and/or specifically assigned by the Board or as set out in the Contract of service.

#### **4.9 Board Procedure**

- A. The Board shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings.
- B. The board of directors shall periodically review compliance reports pertaining to all

laws applicable to the listed entity, prepared by the listed entity as well as steps taken by the listed entity to rectify instances of non-compliances.

- C. A director shall not be a member in more than ten committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore, every director shall inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

Explanation:

- i. For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded.
  - ii. For the purpose of reckoning the limit under this sub-clause, Chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee alone shall be considered.
- D. The Board of Directors and members of various committees shall adhere to the Secretarial Standard-1 on Meetings of Board of Directors and Secretarial Standard-2 on General Meetings as prescribed by the Institute of Company Secretaries of India and any other Secretarial Standard made mandatory from time to time.
- E. The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non compliances.
- F. An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.
- F. Provided that where the company fulfils 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.
- G. The Board of the company shall satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.
- H. The board of directors shall lay down a code of conduct for all members of board of directors and senior management of the listed entity. The code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.
- I. The listed entity shall lay down procedures to inform members of board of risk assessment and minimization procedures. The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.
- J. The performance evaluation of independent directors shall be done by the entire board of directors. Provided that in the evaluation the directors who are subject to evaluation shall not participate:

#### **4.10 Committees of the Board**

The Board may delegate its powers to the following Committees for efficient and quick decision-making:

##### **A. Audit Committee (Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015)**

Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following:

- (a) The audit committee shall have minimum three directors as members.
- (b) Two-thirds of the members of audit committee shall be independent directors.
- (c) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise..
- (d) The chairperson of the audit committee shall be an independent director and he shall be present at Annual general meeting to answer shareholder queries.
- (e) The Company Secretary shall act as the secretary to the audit committee.
- (f) The audit committee at its discretion shall invite the finance director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee.

##### **B. Nomination and Remuneration Committee (Section 178(1) of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015)**

- (1) The board of directors shall constitute the nomination and remuneration committee as follows:
  - (a) the committee shall comprise of at least three directors ;
  - (b) all directors of the committee shall be non-executive directors; and
  - (c) at least fifty percent of the directors shall be independent directors.
- (2) The Chairperson of the nomination and remuneration committee shall be an independent director:

Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.
- (3) The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.
- (4) The role of the nomination and remuneration committee shall inter-alia, include the following:
  - (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
  - (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
  - (3) devising a policy on diversity of board of directors;
  - (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

**C. Stakeholders' Relationship Committee (Section 178(5) of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015)**

- (1) The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into the mechanism of redressal of grievances of shareholders, debenture holders and other security holders.
- (2) The chairperson of this committee shall be a non-executive director.
- (3) The board of directors shall decide other members of this committee.
- (4) The committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non- receipt of annual report and non- receipt of declared dividends.

**C. Share Transfer Committee**

- a) The Board shall set up a Share Transfer Committee to provide for the safe custody of the Common Seal of the company, if any, approve and register transfer and/or transmission of Equity Shares of the Company, subdivide, consolidate and/ or replace any share certificate(s) of the Company, authorize affixation of Common Seal of the Company on share certificates, issue duplicate share certificates against the originals lost/ misplaced and to do all other acts and deeds as may be necessary or incidental thereto.
- b) The Chairman of the Share Transfer Committee should be present at the Annual General Meeting, to answer the shareholder queries. However, it would be up to the Chairman to decide who should answer the queries.
- c) The Share Transfer Committee shall meet at least once in a fortnight.
- d) The Chairman of Share Transfer Committee shall be an independent Director.
- e) The quorum for Share Transfer Committee meetings shall be two members present at the meeting.

**D. Risk Management Committee (if applicable) (Regulation 21 of SEBI( LODR) Regulations, 2015)**

- (1) The board of directors shall constitute a Risk Management Committee.
- (2) The majority of members of Risk Management Committee shall consist of members of the board of directors.
- (3) The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.
- (4) The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.
- (5) The provisions of this regulation shall be applicable to top 100 listed entities,

determined on the basis of market capitalisation, as at the end of the immediate previous financial year.

The Board may, from time to time, constitute Committees(s) of Directors/ Senior Management to conduct the affairs of the company in a smooth manner.

#### **4.11 Committee Procedure**

The Committees shall hold meetings as per the provisions of the SEBI (LODR) Regulations, 2015 and/or the Companies Act, 2013 and/or Secretarial Standard -1 on Meetings of Board of Directors and/or as directed by the Board from time to time and the procedure to hold the Committee Meetings will be the same as of the Board Meetings.

### **CHAPTER 5 – CODE OF CONDUCT**

#### **5.1 Code of Conduct**

The Company, its Board, Committee and Senior Management shall strictly follow the Code of Conduct as enumerated hereunder:

##### **A. *National Interest***

The Company and the persons to whom this Code is applicable shall be committed in all its actions to benefit the economic development of the countries in which it operates. It shall not engage in any activity that would adversely affect such an objective. It shall not undertake any project or activity to the detriment of the nation's interests, or those that will have any adverse impact on the social and cultural life patterns of its citizens. Further, they shall conduct its business affairs in accordance with the economic, development and foreign policies, objectives and priorities of the nation's government, and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level, as appropriate.

##### **B. *Financial reporting and records***

The Company and the persons to whom this Code is applicable, shall prepare and maintain accounts of the Company's business affairs, fairly and accurately in accordance with the accounting and financial reporting standards, which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs. Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to Company auditors and other authorized parties and government agencies. There shall be no willful omissions of any Company transactions from the books and records, no advance income recognition, and no hidden bank account and funds. Any willful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of this code, apart from inviting appropriate civil or criminal action under the relevant laws.

**C. *Government agencies***

The Company and the persons to whom this Code is applicable, shall not offer or give any Company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favourable performance of official duties.

**D. *Health, safety and environment***

The Company and the persons to whom this Code is applicable, shall strive to provide a safe and healthy working environment and comply, in the conduct of the business affairs of the Company, with all regulations regarding the preservation of the environment of the territory it operates in. Further, they shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

**E. *Quality of products and services***

The Company and the persons to whom this Code is applicable, shall be committed to supply goods and services of the highest quality standards, backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services should at least meet the required national standards, and the Company should endeavor to achieve international standards.

**F. *Corporate Opportunity***

Directors and Officers should not exploit for their own personal gain, opportunities that are discovered through the use of corporate property, information or possession unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board of Directors decline to pursue such opportunities.

**G. *Ethical conduct***

The Company and the persons to whom this Code is applicable, shall deal on behalf of the Company with professionalism, honesty and integrity, as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

They are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working on the Company's premises, at off site locations where the Company's business is being conducted, at Company sponsored business and social events, or at any other place where they are representing Company. Honest conduct is conduct that is free from fraud or deception. Ethical conduct is ethical handling of actual or apparent conflicts of interest between personal and professional relationship.

**H. Legal Compliances**

The Company and the persons to whom this Code is applicable, shall comply with all applicable government laws, rules and regulations. They shall acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable themselves to recognize potential dangers. Violations of applicable governmental laws, rules and regulations may subject them to individual criminal or civil liability, as well as to disciplinary action by the Company.

**I. Shareholders**

The Company shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors of the Company shall duly and fairly inform its shareholders about all relevant aspects of the Company's business, and disclose such information in accordance with the respective regulations and agreements.

**J. Confidentiality**

The Company and the persons to whom this Code is applicable, shall not disclose/reveal any facts/figures/information/trade secrets or confidential documents in written/verbal form, obtained during the course of business relationship with Company to any person(s)/authority/organization /statutory body unless required by law and/or with specific written permission of company. For this purpose, any information concerning the Company's business, its customers, suppliers etc. which is not in the public domain and to which the directors or officers has access or possesses such information must be considered confidential.

**K. Representation**

The Officers shall nor write/appear or represent himself to any third party unless authorized by the Company in writing.

**L. Protection of assets**

Protecting the Company's assets is the key responsibility of every employee and Director including Key Managerial Personnel. Care should be taken to ensure that assets are not misused, misappropriated, loaned to others, or sold or donated, without appropriate authorisation.

**M. Conflict of interest**

The Company and the persons to whom this Code is applicable, shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of his company or the group. Each Board Member and/or Senior Managerial Personnel is expected to avoid clash of his or her personal interest with the interest of the company or his or her ability to perform his or her duties and responsibilities for the well-being of the company. Each Director shall comply with the provisions of Section 184 of the Companies Act, 2013 and disclose his nature of concern or interest at the meeting of the

Board in which the contract or arrangement is discussed and shall not participate in such meeting. However, such interest here means personal interest and not official or other interest. But it is not limited to financial interest only and may include interest arising out of fiduciary duties or closeness of relationship or a relative as defined in the Companies Act, 2013.

For the purpose of Section 184, 'interested director' means a director who is in any way, whether by himself or through any of his relatives or firm, body corporate or other association of individuals in which he or any of his relatives is a partner, director or a member, interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of a company. A conflict of interest, actual or potential, may arise where, directly or indirectly:

- a) The said persons engages in a business, relationship or activity with anyone who is party to a transaction with his or her company;
- b) The said persons is in a position to derive a personal benefit or a benefit to any of his or her relatives by making or influencing decisions relating to any transaction;
- c) An independent judgment of the company's best interest cannot be exercised. The main areas of such actual or potential conflicts of interest would include the following:
  - Financial interest of the said persons or their relatives, including the holding of an investment in the subscribed share capital of any company or a share in any firm which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the Company. (The ownership of up to 2 per cent of the subscribed share capital of a publicly held Company shall not ordinarily constitute a financial interest for this purpose).
  - If such persons conducting business themselves or on behalf of the company, or being in a position to influence a decision with regard to the company's business with a supplier or customer of which they themselves or their relative is a principal, officer or representative, resulting in a benefit to them or their relative.
  - Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee or an officer of the Company, where such an individual is in a position to influence the decision with regard to such benefits.
  - Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the Company.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the Company's management. It is also incumbent upon every such person to make a full disclosure of any interest which the he or his immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier,



customer, distributor of or has other business dealings with his company.

Every person who is required to make a disclosure as mentioned above shall do so, in writing, to the Compliance Officer, who shall forward the information along with comments to the Board of Directors/Executive Committee appointed by the board and, upon a decision being taken in the matter, the person concerned will be required to take necessary action as advised to resolve/avoid the conflict.

If a person fails to make a disclosure as required herein, and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by such person, the management would take a serious view of the matter and consider suitable disciplinary action against such person.

This “Code” applicable to Board Members and Senior Managerial Personnel of the company sets forth guidelines for their conduct who shall affirm compliance with the aforesaid “Code” on annual basis and will annually sign a confirmation that they have read and complied with this “Code” and a declaration to this effect shall be given in the Annual Report of the Company to be signed by the Managing Director of the Company. The Board shall determine appropriate actions to be taken in the event of violations of the “Code”.

**N. *Securities transactions and confidential information***

The persons to whom this Code is applicable, and his or her immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company or the group, which is not in the public domain and thus constitutes insider information. All such matters are covered and are governed by Insider Trading Regulation of the company and Compliance Officer shall be responsible for compliance of the Regulations.

**O. *Waiver and Amendments to the Code***

The Company is committed to continuously reviewing and updating its policies and procedures. Therefore, this “Code” is subject to modifications. Any amendment or waiver of any provision of this “Code” must be approved in writing by the Company's Board and promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of amendment and waiver.

**5.2 *Remuneration of Directors***

Remuneration of Directors and/or payment of sitting fees to Non-executive Directors for attending Board and Committee Meetings shall be governed by the provisions of SEBI (LODR) Regulations, 2015 and/or the Companies Act, 2013 and the service rules of the Company.

### **5.3 Disclosures Subsidiary Companies**

- a) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- b) The minutes of the Board meetings of the subsidiary company shall be placed for review at the Board meeting of the Company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- c) The Board report of the Company shall state that they have reviewed the affairs of the subsidiary company also.
- d) At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.

### **5.4 Disclosures to the Audit Committee**

- a) A statement of all transactions with related parties including their basis shall be placed before the Audit Committee for formal approval/ratification. If any transaction is not on an arm's length basis, management shall provide an explanation to the Audit Committee justifying the same.
- b) When money is raised through an Initial Public Offering the Management shall disclose to the Audit Committee, the uses /applications of funds by major category (capital expenditure, sales and marketing, working capital, etc), on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the offer document/prospectus. The Independent auditors of the Company shall certify this statement. The audit committee shall make appropriate recommendations to the Board to take up steps in this matter.
- c) The audit committee shall mandatorily review the following information:
  - (1) management discussion and analysis of financial condition and results of operations;
  - (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
  - (4) internal audit reports relating to internal control weaknesses; and
  - (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  - (6) statement of deviations:
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s)
    - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.

## 5.5 CEO/CFO Certification

- a) All Board members, Committee members and Senior Management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.
- b) The CEO or the Managing Director or manager or in their absence, a Whole Time Director appointed in terms of Companies Act, 2013 and the CFO shall certify to the Board that:
  - A. They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
    1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
    2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  - B. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
  - C. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
  - D. They have indicated to the auditors and the Audit committee:
    1. significant changes in internal control over financial reporting during the year;
    2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
    3. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

## 5.6 Minimum Information to be placed before Board of Directors (Regulation 17(7) of SEBI (LODR) Regulations, 2015:

The minimum information to be placed before the board of directors as specified in Part A of Schedule II of SEBI (LODR) Regulations, 2015 is as under:

- A. Annual operating plans and budgets and any updates.
- B. Capital budgets and any updates.
- C. Quarterly results for the listed entity and its operating divisions or business segments.

- D. Minutes of meetings of audit committee and other committees of the board of directors.
- E. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- F. Show cause, demand, prosecution notices and penalty notices, which are materially important.
- G. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- H. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- I. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- J. Details of any joint venture or collaboration agreement.
- K. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- L. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- M. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- N. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- O. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

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