

# **Purshottam Investofin Limited**

## **Code of Business Conduct & Ethics**

### **Introduction**

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

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

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

### **Conflicts of Interest**

Our employees, officers and directors have an obligation to conduct themselves in an honest and ethical manner and act in the best interest of the Company. All employees, officers and directors should Endeavour to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A “conflict of interest” occurs when a person’s private interest interferes in any way, or even appears to interfere, with the interest of the Company. A conflict of interest can arise when an employee, officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director (or his or her family members) receives improper personal benefits as a result of the employee’s, officer’s or director’s position in the Company.

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

- Working, in any capacity, for a competitor, customer or other third party while employed by the Company.
- Accepting gifts of more than modest value or receiving personal discounts (if such discounts are not generally offered to the public) or other benefits as a result of your

position in the Company from a competitor, customer or supplier.

- Competing with the Company for the purchase or sale of property, products, services or other interests.
- Having an interest in a transaction involving the Company, a competitor, customer or supplier (other than as an employee, officer or director of the Company).
- Directing business to a supplier owned or managed by, or which employs, a relative or friend.
- In the event that an actual or apparent conflict of interest arises between the personal and professional relationship or activities of an employee, officer or director, the employee, officer or director involved is required to handle such conflict of interest in an ethical manner in accordance with the provisions of this Code.

### **Quality of Public Disclosures**

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

### **Compliance with Laws, Rules and Regulations**

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason.

### **Trading on Inside Information**

Using non-public information to trade in securities, or providing a family member, friend or any other person with a "tip", is illegal. All non-public information should be considered inside information and should never be used for personal gain. You are required to familiarize yourself and comply with the Company's Code of Conduct on Insider Trading. You should contact the Company Secretary with any questions about your ability to buy or sell securities.

### **Protection of Confidential Proprietary Information**

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

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company or its customers if disclosed. Intellectual property such as trade secrets, patents, trademarks and copyrights as well as business, research and new product plans, objectives and strategies, records, databases, salary & benefits data, employee

medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.

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

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

### **Protection and Proper Use of the Company's Assets**

Protecting the Company's assets against loss, theft or other misuses is the responsibility of every employee, officer and director. Loss, theft and misuse of the Company's assets directly impact our profitability. Any suspected loss, misuse or theft should be reported to manager/supervisor or the Company Secretary.

The sole purpose of the Company's equipment, vehicles, suppliers and electronic resources (including hardware, software and the data thereon) is the conduct of our business. They may only be used for the Company's business consistent with the Company's guidelines.

### **Corporate Opportunities**

Employee, officer and director are prohibited from taking for themselves business opportunities that arise through the use of corporate property, information or position. No employee, officer or director may use corporate property, information or position for personal gain and no employee, officer or director may compete with the Company. Competing with the Company may involve engaging in the same line of business as the Company or any situation where the employee, officer or director takes away from the Company opportunities for sales or purchases of property, products, services or interests.

### **Fair Dealing**

Each employee, officer and director of the Company should endeavour to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No payment in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favourable action. The Company and the employee, officer or director involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this policy.

Occasional business gifts to and entertainment of non-employees in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of the Company's business. However, these gifts should be given infrequently and their value should be modest. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted.

### **Compliance with this Code and reporting of any illegal or unethical behaviour.**

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

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

Employees, officers and directors should promptly report any concerns about violations of ethics, laws, rules, regulations of this Code, including by any senior executive officer or director, to their supervisors/managers or Company Secretary, or in the case of accounting, internal accounting controls or auditing matters, the Audit Committee of the Board of Directors. Any such concerns involving the Company should be reported to the Board of Directors. Interested parties may also communicate directly with the Company's non-management directors.

The Company Secretary shall notify the Board of Directors of any concerns about violations of ethics, laws, rules, regulations or this Code by any senior executive officer or director reported to him.

You should report actions that may involve a conflict of interest to the Company Secretary. In order to avoid conflicts of interests, senior executives, officers and directors must disclose to the Company Secretary any material transaction or relationship that reasonably could be expected to give rise to such a conflict and the Company Secretary shall notify the Board of Directors of any such disclosure. Conflicts of interests involving the Company Secretary shall be disclosed to the Board of Directors.

### **Code for independent directors**

The Company recognizes the benefits of having a diverse Board. It is essential for the Company's long-term success and sustainability. The Independent Directors, in addition to the compliance with this Code, shall comply with and adhere to the Code for Independent Directors framed in accordance with the provisions of Section 149 of the Companies Act, 2013 and forming

this Code and enclosed as “Annexure-I”.

### **Waivers and Amendments**

Any waivers (including any implicit waivers) of the provisions in this Code for executive officers or directors or Company Secretary may only be granted by the Board of Directors. Any waivers of this Code for other employees may only be granted by the Company Secretary. Amendments to this Code must be approved by the Board of Directors.

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## **CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment 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.

### **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.

### **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.

### **Duties:**

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 behavior, 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;
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.

**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 formalized 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.

**Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**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 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.

**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 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.

**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.