

# **PERFECTPAC LIMITED**

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## **CODE OF CONDUCT**

**PART – A: FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

**Introduction**

This code of conduct has been formulated with a view to ensure that the directors and the senior management personnel of the Company practice and adhere to the highest standards of official conduct in terms of integrity, good principles, compliance with applicable rules and regulations, both internal and external, moral standards, business and professional ethics and social values.

The code intends to lay down a system by which the directors and senior executives of the Company observe a conduct that is exemplary and inspiring for all the staff and employees at various levels of the organization. Observance of the code shall also serve as compliance of relevant clause of the Corporate Governance under clause 49 of the Listing Agreement.

It is expected that this code of conduct be observed by each and every employee in due course of time.

The Company always strives to uphold its values, being quality of products and services, transparency of conduct, honesty, compliance with law of the land and social responsibilities and this code of conduct has been drawn with a view to inculcate these values in each of its employees.

**Objective**

The objectives of the Code are:

1. To conduct the business of the Company with integrity, fairness and in a transparent manner;
2. To inculcate social and moral values and principles in each employee of the Company;
3. To respect the law of land and to observe utmost compliance of the statutory requirements.

**Applicability**

The Code is to be compulsorily followed by all the Directors, Chief Financial Officer, Company Secretary, General Managers, Department heads, Occupier and Factory Manager of the Company (hereinafter collectively referred to as the senior management personnel). It is expected that the Code be observed by each employee (with necessary modifications as may apply) of the Company in due course of time.

**The Code of Conduct**

1. **Fiduciary Duty** – The Senior Management Personnel would observe their fiduciary responsibility with respect to Company's assets and interests and shall in no way let their personal interests influence execution of their responsibilities towards the Company.
2. **Conflict of Interest** – the Senior Management personnel shall not let their personal interest interfere with the interests of the Company. They shall also not appropriate opportunities available to them during the course of their work for personal gains at the cost of Company's benefits.

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3. **Protection of Assets** – the Senior Management personnel shall endeavor to protect the Company's assets, both tangible and intangible and shall ensure that they are put to proper and efficient use to derive maximum gain to the Company.
4. **Keeping of secrets and confidential information** - the Senior Management personnel shall keep the trade secrets and confidential information related to the Company acquired during the course of their employment and shall not divulge them to any one for personal gains or otherwise except at times when required by the Company for specific reasons / purposes.
5. **Compliance of Law** – The Senior Management personnel shall exhibit utmost respect to the law of the land and shall always make compliance of statutory requirements in their personal capacity as well as for the Company to the extent responsibility is delegated to them. However in case they come to know about a potential default or violation of law, it shall be brought to the notice of the concerned officers, even if the same is not in their purview.
6. **Timely information to the Company** – The Senior Management personnel, especially the directors shall give timely and correct information to the Company as required under corporate laws and otherwise and shall try to conduct their transactions outside their relationship with the Company with maximum transparency as possible.
7. **Upholding moral and ethical values** – The senior management personnel shall conduct their transactions with honesty, integrity and transparency. Through such conduct they shall try to project an excellent picture of the Company to the outside world.
8. **Dealing with outside agencies** – While dealing with:
  - Shareholders** - try to resolve their problems with maximum efficiency and shall give full and correct information about the Company to the extent required according to law and according to good corporate governance policies.
  - Customers and Business Associates** – be transparent and keep company's business objectives on top and refrain from being allured by material gains.
  - Government Agencies** – ensure compliance of law and make proper and timely reporting. Desist from influencing government officials through unethical means.
9. **Respect for co-workers** – The Senior Management personnel shall treat each of his / her colleagues, senior or subordinate, with respect and consideration for their thoughts and views and shall work in harmony with them. Women employees shall be given distinguished treatment as practiced in our society.
10. **Refrain from Insider Trading** – The Senior management personnel shall refrain from insider trading and shall follow the Model Code of Conduct for Prevention of Insider Trading.
11. **Attendance at Board Meetings** – All the directors shall try to attend all the meetings of the Board of Directors, Committees or shareholders unless there are exceptional circumstances against the same. In the case of abstinence, leave of absence should be sought well in advance.

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12. **Social responsibilities** – The senior management personnel shall encourage and shall contribute by thoughts, efforts and material in Company's taking up any social causes which are philanthropic in nature - This code is advisable in nature and not mandatory.

### **Penalty for breach**

It is advised that the Code of Conduct be followed by all concerned in its true letter and spirit. This Code may not be treated as a mere set of rules and regulations required for working in the Company. It is intended at overall enhancement of quality in execution of the job responsibilities. Observance of the Code is as much in the interest of the individual concerned as it is in the interest of the Company.

Breach of the Code by directors may be considered by the Board of Directors and that by the other senior management personnel be considered by the Chairman & Managing Director. The penalty may be decided as deemed suitable considering the nature of specific breach which could include remuneration cut, suspension or termination of employment or removal from office.

### **Amendments**

The code is subject to amendment and review from time to time and such amendments shall be approved by the Board of Directors. The code is open to improvement and suggestions from all concerned.

### **Interpretation**

Any question related to the interpretation or applicability of this Code may be addressed to the Company Secretary.

**PART – B: FOR INDEPENDENT DIRECTORS**

In addition to the Code of Conduct as laid down in Part A, as per the requirements of Section 149(8) read with Schedule IV of the Companies Act, 2013, the Independent Directors shall adhere to the Code of Conduct laid down in this Part.

The Board of Directors (hereinafter referred to as the "Board") of **Perfectpac Limited** (hereinafter referred to as the "Company") has adopted the following Code of Conduct (hereinafter referred to as the "Code") as a guide to professional conduct for its independent directors. The Board believes that 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.

**1. Guidelines of professional conduct:**

An independent director shall:

- A. uphold ethical standards of integrity and probity;
- B. act objectively and constructively while exercising his duties;
- C. exercise his responsibilities in a *bona fide* manner in the interest of the Company;
- D. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- E. 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;
- F. 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;
- G. refrain from any action that would lead to loss of his independence;
- H. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- I. assist the Company in implementing the best corporate governance practices.

**2. Role and functions:**

The independent directors shall:

- A. 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;

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- B. bring an objective view in the evaluation of the performance of Board and management;
- C. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- D. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- E. balance the conflicting interest of the stakeholders;
- F. 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;
- G. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

### 3. **Duties:**

The independent directors shall:

- A. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- B. 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;
- C. strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a member;
- D. participate constructively and actively in the Committees of the Board in which they are chairpersons or members;
- E. strive to attend the general meetings of the Company;
- F. 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;
- G. keep themselves well informed about the Company and the external environment in which it operates;
- H. not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- I. 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;
- J. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;

- K. acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- L. 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. Manner of appointment:**

- A. 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.
- B. The appointment of independent director(s) of the Company shall be approved at the meeting of the shareholders.
- C. 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 there under and that the proposed director is independent of the management.
- D. The appointment of independent directors shall be formalized through a letter of appointment.
- E. 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.
- F. The terms and conditions of appointment of independent directors shall also be posted on the Company's website.

**5. Re-appointment:**

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

**6. Resignation or removal:**

- A. 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.
- B. An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- C. 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.

**7. Separate meetings:**

- A. The independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- B. All the independent directors of the Company shall strive to be present at such meeting;
- C. The meeting shall:
  - i. review the performance of non-independent directors and the Board as a whole;
  - ii. review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
  - iii. 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.