

PACIFIC

INDUSTRIES LIMITED

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

PACIFIC INDUSTRIES LIMITED

CIN: L14101KA1989PLC062041

Regd. Office : Survey No. 13, N.H. 48, Kempalingahalli, Nelamangala
Taluk, Bangalore-562123

Tele : 91-080-27723004; Fax : 91-080-27723005

Email : pilnorth@pacificgranites.com; Web: www.pacificindustriesltd.com

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

APPLICABILITY OF THE CODE:

PIL is committed to conduct its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. This code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to cultivate a culture of honesty and accountability. Code of Conduct has been classified under:

- Code of Conduct for Directors
- General Code of Conduct applicable to Board of Directors and Senior Managerial

Personnel. Explanation:

For this purpose, the term “Senior Managerial Personnel” shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

A. CODE OF CONDUCT FOR DIRECTORS

A Director should –

- Use reasonable efforts to attend Board and Committee meetings regularly;
- Dedicate sufficient time, energy and attention to the Company to ensure diligent performance of his/her duties, including preparing for meetings and decision-making by reviewing in advance any agenda distributed and making reasonable inquiries;
- Act in a manner to enhance and maintain the reputation of the Company;
- Disclose potential conflicts of interest that they may have regarding any matters that may come before the Board, and deny from discussion and voting on any matter in which the Director has or may have a conflict of interest;
- Make available to and share with fellow Directors information as may be appropriate to ensure proper conduct and sound operation of the Company and its Board of Directors;
- Make known the other Directors of the material personal interest in a matter and must not vote on the matter;
- Disclose the facts correctly when he/she has dissented, where a decision is not unanimous;
- Bring an open and independent judgment to Board or Committee meetings and should not make a decision about a matter before attending and participating in the deliberations of the meeting;

DUTIES OF THE INDEPENDENT DIRECTORS AS PER SCHEDULE IV OF THE COMPANIES ACT, 2013

The Independent Director shall -

- Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 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;
- Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the Company;
- 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;
- Keep themselves well informed about the Company and the external environment in which it operates;
- Not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- 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;
- 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;
- Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- Acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- 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.

B. GENERAL CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

1. CONFLICTS OF INTERESTS

A conflict of interest occurs when a director's or senior managerial personnel's private interest intervenes in any way, or even appears to intervene, with the interest of the Company as a whole.

A situation of conflicts can arise:

- When a Director or Senior Managerial Personnel takes action or has interests that may make it difficult to perform his or her work objectively and effectively;

- The receipt of improper personal benefits by a member of his or her family as a result of one's positions in the Company;
- Any outside business activity that detracts an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company;
- The receipt of non-nominal gifts or excessive entertainment from any person/company with which the Company has current or prospective business dealings;
- Any significant ownership interests in any supplier, customer, development partner or competitor of the Company;
- Any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company;
- The Directors and Senior Managerial Personnel should be careful in avoiding conflicts of interest with the Company. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances;

2. HONEST AND ETHICAL CONDUCT

The Directors & Senior Managerial Personnel shall act in accordance with the highest standards of personal and professional integrity, honesty, and morality with the Company's customers, suppliers, competitors and employees. Such conduct shall be fair and transparent and in accordance with the best accepted professional standards of conduct. Their conduct shall be free from fraud and deception. They shall contribute in promoting the climate of trust and mutual respect.

3. PROTECTION OF COMPANY PROPERTY

The Directors and Senior Managerial Personnel should safeguard assets of the Company and resources and ensure its efficient use. Theft, negligence, and waste of the Company's assets and property have a direct impact on the company's profitability. Assets of the Company should be used only for legitimate business purposes.

4. SECURITIES TRANSACTIONS & CONFIDENTIAL INFORMATION

Confidential information: It includes all non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed.

The Directors and Senior Managerial Personnel shall maintain the privacy of confidential information of the company or that of any customer, supplier or business associate of the company except when disclosure is authorized or legally mandated.

Any information shall not be used or proliferated which is not available to public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the Company on which such insider information has been obtained.

5. CORPORATE BUSINESS OPPORTUNITIES

The Directors and Senior Managerial Personnel owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. They are expressly prohibited from:

- Taking for themselves personally, opportunities that are discovered through the use of Company property, information or position.
- Competing directly with the business of the Company or with any business that the Company is considering.
- Using Company's property, information, or position for personal gain.

They can pursue such activity only when company has decided not to pursue an opportunity after disclosing the same to the Board of Directors.

6. FINANCIAL REPORTING AND RECORDS

The Directors and Senior Managerial Personnel shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards that 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 authorised 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.

7. FAIR AND IMPARTIAL DEALING

The Directors and Senior Managerial Personnel shall deal fairly and impartially with customers, suppliers, competitors and employees of the Company. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, restrictive or trade secret information, misrepresentation of material facts, or any other unfair dealing practices.

8. GOOD CITIZENSHIP

- The Directors and Senior Managerial Personnel shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. They shall not support directly or indirectly any specific political party or candidate for political office. They shall not offer or give any Company's funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

- The Directors and Senior Managerial Personnel shall not offer or give any company funds or property as donation to government agencies or their representatives to obtain any favorable performance of official duties.
- The Directors and Senior Managerial Personnel 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.

9. COMPLIANCE WITH LAWS AND REGULATIONS

The Directors and Senior Managerial Personnel are committed to comply with all those acts, rules and regulations that regulate the conduct of Company both in letter and in spirit. They must abide the policies and procedures that govern the conduct of the Company's business. If they are unfamiliar or uncertain about the legal rules involving Company business they should consult the Company Secretary of the Company or take assistance from any consultation agency, before taking any action that may endanger the company or that individual.

10. INTEGRITY OF DATA FURNISHED

They shall ensure at all times the integrity of data or information furnished by them to the Company.

11. COMPLIANCE OF THE CODE

All Board members and Senior Managerial 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.

If any Director, Senior Managerial Personnel or employee knows of or suspects of a violation of all applicable laws, rules or regulations or this code of conduct, he must immediately report the same to the Board of Directors or CFO / Company Secretary. Such person should as far as possible provide the details of suspected violation with all known particulars relating to the issue.

Violation of code of conduct will result in disciplinary action, which may even include legal prosecution, termination of services of the employee. The Company's Board or any person designated by the board shall determine appropriate action in response to violations of this code of conduct.

12. INTERPRETATION OF CODE

The Board or designated person will handle any question or interpretation under code of conduct or any person authorized by the Board of the Company. The Board or any designated person has the authority to waive compliance with this code of business conduct for any Director, or senior Managerial Personnel of the Company. The person-seeking waiver of this code shall make full disclosure of the particular circumstances to the Board or the designated person/ committee.