

CODE OF CONDUCT

AND

BUSINESS ETHICS

1. PREAMBLE

- 1.1 This Code of Conduct (“this Code”) shall be called “The Code of Conduct for Board Members and Senior Management Personnel” of **Shree Securities Limited** (hereinafter referred to as “The Company”). This Code shall also be treated as Code of Business Ethics for the purpose of Schedule IV of the Companies Act, 2013.
- 1.2 This code is in alignment with Company’s Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.
- 1.3 The Board first adopted the Code of Conduct for Board Members and Senior Management in its meeting held on **21st March, 2005**. The said Code is being modified for better governance and to keep conformity with the regulatory requirements. This amended Code as approved by the Board of Directors of the Company at its meeting held on **19th January, 2015** with further amendment at Board Meeting **25th May, 2015** as under shall come into force with immediate effect.
- 1.4 The Board of Directors adopts this Code of Conduct and Business Ethics as a Testimony of its commitment to adhere to the standards of loyalty, honesty, integrity and the avoidance of conflict of interest. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.
- 1.5 This model code of conduct shall be reviewed by the Board from time to time in conformity with the regulatory requirements and any amendments to this Code shall be approved by the Board of Directors.

2. DEFINITION AND INTERPRETATION

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

- 2.1 The term “Board/Board of Directors” shall mean the Board of Directors of the Company.

- 2.2 The term “Board Members” shall mean the Members on the Board of Directors of the Company.
- 2.3 The term “Whole-time Directors” shall mean the Board Members who are in whole-time employment of the Company.
- 2.4 The term “Senior Management Personnel” shall mean personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
- 2.5 The term “Relative” shall mean ‘relative’ as defined in Section 2(77) read with Rule 4 of the Companies (Specification of Definition Details) Rules 2014 of the Companies Act, 2013 (detailed in Annexure -I)
- 2.6 The term “Conflict of Interest” means where the interests or benefits of one person or entity conflict with the interests or benefits of the company.

In these Code words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

3. APPLICABILITY

This Code shall be applicable to the following persons:

- a) All the directors of the company.
- b) All Senior Management Personnel of the Company from the executive rank and above including functional heads of each department.
- c) This code of Conduct is applicable to any other employee or officer of the company who has a direct functional reporting to the Board and also to any employee or officer of the Company, who has the opportunity to materially influence the strategy and operation of the business and financial performance of the company.

Shree Securities Limited is committed to observe all applicable Laws and Regulations and all other above mentioned Officials are expected to uphold this commitment.

4. DUTIES OF DIRECTORS

(A) General Duties of Directors:

The Directors shall –

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.

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

(B) Code of Conduct for Independent Directors including duties:

The Code of Conduct applicable to Independent Directors shall be as per the Annexure II to this Code.

5. COMPLIANCE OF LAW

The Board Members, Senior Management Personnel and employees shall comply with all laws, rules and regulations relating to the business of the Company.

6. CORPORATE DISCLOSURE PRACTICES

The Code on Corporate Disclosure Practices regulates disclosure of “Unpublished Price Sensitive Information”. The Company Secretary is responsible for overseeing and coordinating disclosure of “Unpublished Price Sensitive Information” to stock exchanges, analysts, shareholders and media including drafting of the press release or the text of the information to be posted on the Company’s web-site/released to the press with the approval of the Director-Finance/Managing Director.

7. RELATED PARTY DISCLOSURES

The Board Members and Senior Management Personnel shall make disclosure of related party transactions to the Board of Directors in the format provided under Accounting Standard 18 (AS-18) (Annexure III) issued by the Institute of Chartered Accountants of India (ICAI) and/or any modification or re-codification thereof.

8. CONFIDENTIALITY OF INFORMATION

“Confidential information” includes all information of the Company not authorized by the management for public dissemination. This includes information on trade, trade secrets, mergers and acquisitions, stock splits and other confidential and privileged information which is not available in the public domain at that point of time.

No Board Member and Senior Management Personnel shall provide any information either formally or informally, to the press or any other media, unless specifically authorized. Provided that Board Members and Senior Management Personnel shall in consultation / under intimation to the Company Secretary of the Company be free to disclose such information which is:-

- a) Part of the public domain at the time of disclosure; or
- b) Authorized or required to be disclosed pursuant to a decision of the Board or any of its Sub-Committees; or
- c) Required to be disclosed in accordance with applicable laws, rules, regulations, guidelines, or directions from the regulatory bodies.

9. GIFTS, DONATIONS & ENTERTAINMENT

The Board Members and Senior Management Personnel shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, the Board Members and Senior Management may accept and offer nominal gifts, which are customarily given and are of a commemorative nature, for special events.

10. CONFLICT OF INTEREST

A conflict of interest situation would be deemed to have arisen, when an individual's interest is perceived to be inconsistent with or is in conflict with the business interest of the Company. One should avoid such conflict of interest with the Company. However, in case such a situation arises, he shall, on becoming aware of the same, make full and true disclosure of all facts and circumstances thereof to the Company. Some of the situations wherein a conflict of interest may be deemed to have arisen are elucidated below:

a) Pecuniary benefit

Where one's conduct is likely to confer a pecuniary benefit to oneself or in favour of any relative(s) or in favour of any company, body corporate or firm where one or one's relative is an employee, member, director or partner.

b) Related Party Transactions

Where one enters into transaction(s)/arrangement(s) (directly or indirectly through relatives) with companies, bodies corporate or firms, for personal gain, which may conflict with the business interest of the Company.

c) Corporate Opportunities

Where one uses and/or exploits for personal gain, opportunities that rightly belong to the Company or are discovered through the use of one's position or through the Company's image, property or information.

d) Outside directorships

It is a conflict of interest to serve as a director of any company that competes with the Company. Directors/ Senior Management must first obtain approval from the Company's Board/Managing Director before accepting a directorship.

11. PROTECTION & PROPER USE OF COMPANY'S ASSETS & RESOURCES

All the assets of the Company are properly used optimally in the best business interest of the Company. The Board Members and the Senior Management team shall:

- a) Ensure that equipment/ facilities/ amenities provided to him/her by the Company for discharge of his/her duties in terms of his employment are used with proper care and diligence and return the possession thereof upon his resignation, termination or retirement from the services of the Company, as the case may be.
- b) Ensure that proprietary information and trade secrets belonging to the Company, including any information concerning pricing, products and services that are being developed, internal system designs and other such trade secrets are held in strict confidence and due care is exercised to avoid inadvertent and inappropriate disclosure. Such information shall be used in the manner as required or mandated and as a part of the duties assigned and not for personal gain.
- c) Ensure that all other personal and financial information relating to the customers, associates and stakeholders of the Company is accessed, used and disclosed in accordance with the policies, systems and controls laid down by the Company, from time to time.
- d) Take steps to use and protect the Company's assets and ensure their efficient use as also use the assets only for the legitimate business purposes of the Company or such other purposes as may be authorised by the Management.

12. DEALING IN THE COMPANY'S SECURITIES:

As the Company's securities are listed, the Company is committed to comply with securities laws in all jurisdiction in which its securities are listed. The Company prohibits its Directors / Senior Management and those who could be considered as Insiders from any fraudulent and unfair trade practices in the securities market, with regards to the securities of the Company or of any other company with whom the Company has business dealing to the best of their knowledge.

Further Directors are prohibited from indulging in forward dealings in the securities of the company or in its holding, subsidiary or associate Company. Hence, no director of a company shall buy in the company, or in its holding, subsidiary or associate company—

- (a) a right to call for delivery or a right to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures; or

- (b) a right, as he may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.

13. PREVENTION OF INSIDER TRADING

The Board Members and the Senior Management team shall comply with the Code of conduct for prevention of Insider Trading in dealing with securities of the Company.

14. GENDER FRIENDLY ENVIRONMENT

The Board Members and the Senior Management team shall:

practice a conduct that promotes equality of gender, class and caste and should promote the same values and also exercise their duties in a manner that encourages healthy personal and career growth of the employees of the Company.

not conduct themselves in such manner as would be construed to be an incident of sexual harassment at the workplace.

Constitute Internal Complaint Committee (ICC) in which half of the committee members would be women to encourage women employees to report any harassment concerns and be responsive to any complaints of harassment or other unwelcome and offensive conduct at office and/or other places by persons in position or otherwise by any male employee. The committee shall consider and redress complaints of sexual harassment.

15. REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOUR

The Company shall promote ethical behaviour in all its business activities. Employees are free to report existing/probable violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the Management to the workgroups. Such reports received from any employee will be reviewed from time to time.

In accordance with the Company's Whistleblower Policy the Directors / Senior Management Personnel shall not attempt to suppress/conceal any such view or reporting.

The confidentiality of those reporting violations shall be protected and they shall not be subjected to any discriminatory practices.

16. OCCUPATIONAL HEALTH AND SAFETY

Covered Parties must abide by the Company's standards in safety matters, do their part to maintain a healthy and safe work environment and take necessary steps to ensure their own safety and the safety of others.

17. NO RIGHTS CREATED

This Code sets forth guidelines for conduct for the Board of Directors and Senior Management Personnel. It is not intended to and does not create any rights in any Director or Senior Management Personnel, client, supplier, customer, shareholder, or any other person or entity.

18. PLACEMENTS OF THE CODE ON WEBSITE

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendment thereto shall be posted on the website of the Company.

19. ANNUAL COMPLIANCE REPORTING

In terms of Clause 49 of the Listing Agreement, all Board Members and Senior Management Personnel shall affirm compliance of this Code within 30 days of close of every financial year. The Annual Report of the company shall contain a declaration to this effect signed by the Chief Executive Officer (CEO) of the Company. A proforma of Annual Compliance Report is at Annexure-IV. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director/Senior Management Personnel separates from the Company any time during a financial year, he shall send a communication vide Annexure-V to Company Secretary affirming compliance of the Code till the date of his association with the Company.

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) or any other person heading the finance function of the Company shall certify to the Board that 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 in violation of this Code.

20. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Senior Management Personnel shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as at Annexure-VI and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this code.

21. ENFORCEMENT OF CODE OF CONDUCT

Each Board Member and Senior Management Personnel shall be accountable for fully complying with this Code.

22. WAIVERS

Any waiver of any provision of this Code of Conduct for a director, senior management personnel must be placed for approval before the Company's Board of Directors.

23. NON ADHERENCE

Any instance of non-adherence to the Code of Conduct / any other observed unethical behavior on the part of those covered under this Code should be brought to the attention of the immediate reporting authority, who shall in turn report the same to the Head of Human Resource Department.

24. CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE

24.1 In case of breach of this Code by the Non Whole-time Directors, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.

24.2 In case of breach of this Code by the Whole-time Directors and Senior Management Personnel will not be tolerated and will result in disciplinary action, including termination of employment where appropriate.

25. AMENDMENTS TO THE CODE

The provisions of this Code can be amended /modified by the Board of Directors of the Company from time to time and all such amendments/modifications shall take effect from the date stated therein.

Shree Securities Limited

ANNEXURE-I

**CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

**EXTRACT OF SECTION 2(77) OF THE COMPANIES ACT, 2013 READ WITH
RULE 4 OF THE COMPANIES (SPECIFICATION OF DEFINITION DETAILS)
RULES 2014**

Meaning of “relative”

“Relative” with reference to any person, means anyone who is related to another if-

- (a) they are members of a Hindu undivided family;
- (b) they are husband and wife; or
- (c) one person is related to the other in the manner indicated in Rule 4 of ‘The Companies (Specification of definition details) Rules 2014’ as:

LIST OF RELATIVES

1. Father (including step-father)
2. Mother (including step-mother)
3. Son (including step-son)
4. Son’s wife
5. Daughter
6. Daughter’s Husband
7. Brother (including step- brother)
8. Sister (including step-sister)

Shree Securities Limited

ANNEXURE-II

CODE FOR INDEPENDENT DIRECTORS

(SCHEDULE IV TO THE COMPANIES ACT, 2013)

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

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) 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.

III. 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) 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.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made there under and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
 - i. the term of appointment;
 - ii. 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;
 - iii. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - iv. provision for Directors and Officers (D and O) insurance, if any;
 - v. the Code of Business Ethics that the company expects its directors and employees to follow;
 - vi. the list of actions that a director should not do while functioning as such in the company; and
 - vii. 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 between 11 am to 1 pm on all working day except Saturday.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

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

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days 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.

VII. Separate meetings:

- (1) 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;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) 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.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Shree Securities Limited

ANNEXURE-III

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

The Board Members and Senior Management Personnel shall disclose the following, in respect of all transactions with related parties, as covered in AS-18 issued by ICAI:-

- i) The name of the transacting related party;
- ii) A description of the relationship between the parties;
- iii) A description of the nature of transactions;
- iv) Volume of the transactions either as an amount or as an appropriate proportion;
- v) Any other elements of the related party transactions necessary for an understanding of the financial statements.

Signature.....

Name

Designation.....

Date.....

Place.....

Note: The following are examples of the related party transactions in respect of which disclosures may be made by a Board Members and Senior Management Personnel:

- Purchases or sales of goods (finished or unfinished);
- Purchases or sales of fixed assets;
- Rendering or receiving of services;
- Agency arrangements;
- Leasing or hire purchase arrangements;
- Transfer or research and development;
- Licence agreements;
- Finance (including loans and equity contributions in cash or in kind);
- Guarantees and collaterals; and
- Management contracts including for deputation of employees.

Shree Securities Limited

ANNEXURE-IV

**CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL
ANNUAL COMPLIANCE REPORT***

I..... do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL during the financial year ending 31st March,

Signature.....

Name

Designation.....

Date.....

Place.....

***To be submitted by 30th April each year.**

Shree Securities Limited

ANNEXURE-V

**CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

I..... do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

From 01.04._____ to _____

Signature.....

Name

Designation.....

Date.....

Place.....

Shree Securities Limited

ANNEXURE-VI

**CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

ACKNOWLEDGEMENT FORM

I....., have received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL ("this Code"). I have understood the provisions and policies contained in this Code and I agree to comply with this Code.

In case of any clarification in concern with the meaning or application of the company's code of Conduct, any company policies, or the legal and regulatory requirements applicable to my role and job, I know I can consult the Compliance Officer or the Human Resource Department with the belief that my questions or reports to these sources will be maintained in confidence.

Signature.....

Name

Designation.....

Date.....

Place.....