

## **V.B. DESAI FINANCIAL SERVICES LIMITED**

### **CODE OF CONDUCT - APPLICABLE TO ALL DIRECTORS & SENIOR MANAGEMENT**

#### **I. PREAMBLE :**

Integrity, transparency and trust form part of the core beliefs of all activities at V.B. Desai Financial Services Limited. In terms of the amended Clause 49 of the Listing Agreement relating to 'Corporate Governance' it is mandatory that a separate legal and ethical standard of conduct is laid and be made applicable to all Directors and Members of the Senior Management. The Members of the Senior Management help shape the growth of the Company and are individually and collectively responsible to ensure that the Company operates with the highest degree of legal and ethical standards of conduct.

This Code lays down general principles designed to guide Members of the Senior Management in making ethical decisions. As it is not possible to address every possible situation that may arise, this Code should be construed and applied to further the said objective.

#### **II. APPLICABILITY:**

This Code of Conduct (hereinafter referred to as the "Code") shall be applicable and binding on the following personnel of Company hereinafter referred to as "Members of the Senior Management", for purpose this code.

1. All Directors
2. All Senior Management personnel

It is clarified that, wherever the term 'relative' appears in this Code, it shall mean and include the spouse, parents and children of the Members of the Senior Management.

#### **III. THE CODE:**

##### **1) To Lead by Example**

As every Member of the Senior Management is perceived to be the guiding force of the Company, it shall be their responsibility to lead by example. Leading by example would mean and include: -

1. To act with honesty, integrity and fairness in all dealings for and on behalf of the Company.
2. An appropriate and decent dress code.
3. Humility whilst discussing matters with junior employees.
4. Restraint in use of abusive language during conversations with employees/ customers and stakeholders.
5. An obligation to guide and motivate the entire organisation.
6. To lead by self-commitment and self-motivation.
7. To exercise powers conferred with reasonable discretion and after weighing consequences of such use.
8. To induce a feeling of loyalty towards the organisation.
9. To work selflessly to achieve the business objectives of the Company.
10. To comply and ensure compliance with laws, rules and regulations as applicable to the business of the Company.
11. To act in good faith, responsibly, with due care, competence and diligence, and without misrepresenting material facts or allowing his/her independent judgement to be compromised.
12. To respect the confidentiality of any information that may be acquired or accessed during the course of work and ensure that such confidential information is not used for personal gain.
13. To share knowledge, maintain and develop skills essential and relevant to his/her role and responsibilities.
14. To proactively promote ethical behaviour amongst peers and subordinates.
15. To proactively support all initiatives undertaken by the Company to prevent degradation of the environment.

## **2) Principles of Compliance**

1. Whilst carrying out duties comply with and ensure compliance of legal/ regulatory requirements as applicable to the business of the Company and endeavour that before any directions are given or decisions are taken, relevant legal/ regulatory requirements are taken into account.
2. Whilst carrying out duties ensure it is executed in terms of the authorisations granted and within the limits prescribed under the relevant policies, codes, guidelines and other directives issued by the Board of Directors or Committee of Directors or Management of the Company, from time to time.
3. If any Member of the Senior Management becomes aware of any information that may be perceived to be violating any legal/ regulatory requirement as applicable to the business of the Company, which may subject the Company and/ or its officers to litigation/ prosecution, he/she shall forthwith bring the same to the notice of his/ her immediate superior.
4. If any Member of the Senior Management becomes aware of any suspected or actual instances of fraud, misconduct or irregularity or failure of internal control system of material nature, which is likely to impact the business interest of the Company, he/ she shall forthwith bring the same to the notice of the Vice Chairman & CEO or the Managing Director of the Company.

## **3) Conduct at workplace**

1. Every Member of the Senior Management shall conduct himself/herself in a professional manner and treat others with respect, fairness, and dignity.
2. The Company does not approve of discrimination in employment based on colour, race, religion, caste or sex. The Company is committed to providing a work environment that is fair and non-discriminatory.
3. As a good corporate citizen the Company is committed to a gender friendly workplace. This is in order to enhance equal opportunities for men and women, to prevent/ stop/ redress sexual harassment at the workplace and to promote good employment practices.
4. The Company demands, demonstrates and promotes professional behaviour and respectful treatment of all employees.
5. The Company prohibits the use and consumption of illegal/ banned drugs by its employees at all times.
6. The Company prohibits the consumption of cigarettes, alcohol and tobacco related products in other forms, by its employees at all times within the office premises.
7. To produce full, fair, accurate, timely and understandable disclosures in reports and other declarations that are required to be filed by the Company with statutory/ regulatory authorities and/ or forming part of disclosures in the ordinary course of its business.
8. Shall conduct oneself in accordance with acceptable norms of behaviour that may be prevalent in the society, city, state or country, where the office of the Company is situated.
9. Not to indulge in nepotism or favouritism and maintain a working environment which is fair and non-discriminatory.
10. To be supportive towards employees who may be facing personal trauma on account of ill health, family dispute, financial loss or any other reason beyond their control.
11. To facilitate understanding and facilitate adherence to the 'Explicit Guidelines' forming part of the Code of Ethics which is applicable to all employees of the Company and ensuring its compliance.
12. Encourage the use of Corporate Whistle Blower Initiative, a third party web-based reporting mechanism, which provides employees of the Company with a platform to communicate to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Ethics or this Code, in a secure and confidential manner.

## **4) Conflict of Interest**

A conflict of interest situation would be deemed to have arisen, when a Member of the Senior Management's personal interest is perceived to be inconsistent with or is in conflict with the business interest of the Company.

The following guidelines reflects some of the potential conflicts of interest explicitly mentioned in this Code but every Member of the Senior Management should endeavour to avoid situations which may cast doubt or

impair his ability to impartially decide on any issue that may come before him/her or which may make it difficult for him/her to perform his/ her duties objectively and effectively, in the business interest of the Company.

Some of the situations wherein a conflict of interest may be deemed to have arisen are elucidated hereinafter.

**a) Pecuniary benefit/ Remuneration linked**

1. Where a Member of the Senior Management whilst conducting business for and on behalf of the Company and being in a position to influence any decision with regard to the Company or its associate's business with a supplier or customer or distributor or any entity in which he/ she and/ or any of his/ her relatives is an officer, member, director or partner, resulting in a benefit to him/ her or his/ her relatives.
2. Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of a Member of the Senior Management with the Company, and where such Member of the Senior Management is in a position to influence decisions with regard to such benefits.

**b) Outside Affiliation/Business Interest/Directorship in Competing Entities**

1. As a matter of policy, any conflict of interest on account of any association with any business or other entity is prohibited, unless the concerned Member of the Senior Management (excluding the Non-Executive Directors), obtains prior consent of the Chairman or the Managing Director of the Company of the Company (in case of other persons). Further, as the conflict of interest may not be obvious, any question to determine the nature of potential or actual conflict of interest that has arisen, should be disclosed to the Chairman or Managing Director of the Company, as the case may be.
2. Every Member of the Senior Management (excluding the Non-Executive Directors) shall before accepting nomination as a Director of a company or associating himself with any not-for profit-organization, make proper and complete disclosure and obtain specific approval of the Managing Director of the Company. The Managing Director shall obtain such prior approval from the Chairman of the Company.
3. It is expected that Members of the Senior Management acting as a nominee of the Company or any of its associates, on the Board of any entity or in any other capacity, pursue all their dealings with the said entities or any of its holding company or subsidiaries or associates, on an arms length basis and shall abstain from taking undue advantage of their positions. Dealings, if any, entered into with the said entities shall be disclosed to the Managing Director of the Company.

**c) Related Party Transactions**

Entering into transactions or arrangements (directly or indirectly through relatives) with firms, companies or body corporate, for personal gain, which may conflict with the business interest of the Company.

**d) Payments, receipt of gifts/favors from others**

1. Gifts of cash should never be given or offered or accepted regardless of the amount involved.
2. Gifts (other than cash) may be given or offered or accepted, if they are customarily given and/ or of a commemorative nature, but should not be given or offered or accepted, directly or indirectly, to obtain uncompetitive favors for conduct of business or promoting business relationship.
3. Under no circumstances should a Member of the Senior Management solicit gifts or accept favours or hospitality, other than in the normal course of business, that might influence or appear to influence his/her independence of judgement or affect his/her decision or action concerning the business of the Company.
4. While conducting business abroad, Members of the Senior Management are advised to seek legal advice or guidance before giving or offering or accepting any gifts, as the giving or offering or acceptance of gifts, may be construed to be unlawful under the local laws.

**e) Corporate Opportunities**

1. Except as may be approved by the Board of Directors, Members of the Senior Management are prohibited from:-
  1. Taking for themselves personally any opportunities that belong to the Company or are discovered through the use of Company's property, information, or position;

2. Using Company's property, information, or position, or goodwill for personal gain or for the benefit of his/ her relatives; and
3. Competing with the Company, in any manner whatsoever.
2. Where any circumstances exists that may place the personal interest of a Member of the Senior Management in conflict with the business interest of the Company, he/she shall on becoming aware of such conflict, make full disclosure of all facts and circumstances thereof to the Company.
3. Notwithstanding such or any other instance of conflict of interest that exists due to historical reasons, adequate disclosure shall be made by the Member of the Senior Management inter alia with regard to his directorship/ memberships in other companies, including but not limited to any material interest which he or she and/ or his/ her relative has, in a family business or a company or firm that is a subsidiary or associate, competitor, supplier, customer or distributor of or has other material business dealings with the Company.
4. Upon a decision being taken in the matter, the concerned Member of the Senior Management shall be required to take necessary action, as advised, to resolve / avoid the conflict. If a Member of the Senior Management fails to make the required disclosure/ remedial actions, the Company shall take a serious view of the matter and consider suitable disciplinary action against him/ her.

### **5) Use of Assets and Information**

Every Member of the Senior Management shall:

1. Ensure that facilities/amenities provided to him/her by the Company are used with proper care and diligence and that he/she endeavors to return possession thereof on his/ her resignation, termination or retirement from the services of the Company.
2. Not derive any benefit or assist any other person(s) to derive any benefit by virtue of having access to or possessing of price sensitive information relating to financial results or operations of the Company and/or of its subsidiary/ associate companies and/or of companies with whom the Company has business dealings, which are not in public domain and shall remain compliant with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, at all times.
3. Ensure that in view of the competitive environment, proprietary information and trade secrets belonging to the Company, including any information concerning pricing, products and services, internal systems, trade marks, copyrights and designs that are being developed, shall be held in strict confidence and utmost care shall be exercised to avoid inadvertent access and/ or its inappropriate disclosure. Such information shall be deemed to be the intellectual property of the Company and shall be used in the manner as required or mandated as a part of the duties assigned and not for personal gain.
4. Ensure that confidentiality is maintained with regard to personal information relating to the customers of the Company and it is used in accordance with the policies framed by the Company and/ or as required by the concerned regulatory/ statutory authority.
5. Observe the confidentiality of information pertaining to other companies, their finances, strategies, corporate actions, licenses, intellectual properties and inventions; and strictly observe the practice of non-disclosure, as may be directed by them, from time to time.
6. Such confidentiality shall be maintained by the Member of the Senior Management for a period of six months from the date of his resignation or retirement or earlier determination of services with the Company, as the case may be.

### **6) Transparency**

Every Member of the Senior Management shall ensure that his/her conduct at workplace is transparent. Such transparency shall be brought about through adherence to policies, systems and processes framed by the Company.

### **7) Securities laws**

1. Every Member of the Senior Management shall ensure and take reasonable steps to protect the confidentiality of any unpublished price sensitive information relating to the business of the Company or its customers or companies with whom the Company has or is likely to enter into a material transaction and prevent its unauthorized access or disclosure, unless he/ she is required to do so under applicable laws or legal or regulatory process.

2. No Member of the Senior Management shall in any manner whatsoever indulge in Insider Trading, whilst he/she has access to unpublished price sensitive information relating to the Company or its customers or companies with whom the Company has or is likely to enter into a material transaction.
3. Whenever necessary the Company may seek information from any Member of the Senior Management relating to his dealings in securities of the Company, or of companies with whom the Company has material transactions and such Member of the Senior Management shall provide the same at the earliest.

#### IV. UNDERTAKING/ DECLARATION:

Every Member of the Senior Management undertakes to unconditionally and irrevocably abide by the provisions of this Code and submit the undertaking (in the format as per Annexure I) before November 30, 2012.

Every Member of the Senior Management shall affirm compliance with this Code on an annual basis and submit the annual declaration (in the format as per Annexure II) before April 21 every year.

A declaration confirming the above signed by the Managing Director of the Company shall be disclosed in the Annual Report of the Company every year.

#### V. VIOLATION

It is one of the important responsibilities of the Member of the Senior Management to help enforce this Code in the best interest of the Company. They should bring to the notice of the Company any observed material violation of this Code or any other policies or laws applicable to the business of the Company or any probability of occurrence of such violations.

Although it is not intended that disciplinary action would be appropriate for every violation of the provisions of this Code, whether disciplinary action is appropriate, and the degree of discipline to be imposed, will be determined through reasonable application of the text and will depend on factors such as the seriousness of the violation, intent of the concerned Member of the Senior Management, whether there is a pattern of improper activity, and effect of such improper activity on others or on the corporate governance system. A violation may result in corrective action up to and including termination from the employment.

Member of the Senior Management are expected to fully co operate during any internal or external investigations relating to such violations.

#### VI. EFFECTIVE DATE:

The Code which has been reviewed and approved by the Board of Directors of the Company at its meeting held on October 22, 2012, shall deemed to have come into effect from November 1, 2012.

This Code shall be uploaded on the website of Company, in compliance of Clause 49 IV (D) of the Listing Agreements relating to Corporate Governance.

## UNDERTAKING

To,  
The Board of Directors  
V.B. Desai Financial Services Limited  
Cama Building, 1<sup>st</sup> Floor  
24/26, Dalal Street, Fort  
Mumbai – 400 001

Dear Sir/Madam,

I, Mr./Mrs./Ms. \_\_\_\_\_, \_\_\_\_\_ (designation) do and hereby acknowledge and confirm to have read and fully understood the contents of the Code of Conduct, applicable to all the Directors and Members of Senior Management and the implications thereof.

I agree to abide by the provisions of the Code and/or any policies or legal/regulatory requirements of the Company, directly or indirectly applicable to my job or responsibility and follow the principles contained therein in letter and spirit and endeavor to make appropriate and timely disclosures as mandated under the Code.

Signature:

Name:

Designation:

Place:

Date:

**Note:**

1. Please sign and return this undertaking to the Company Secretary
2. This Code shall be applicable and binding on all Directors and Members of Senior Management, from the date of their appointment.

**DECLARATION**

To,  
The Board of Directors  
V.B. Desai Financial Services Limited  
Cama Building, 1<sup>st</sup> Floor  
24/26, Dalal Street, Fort  
Mumbai – 400 001

Dear Sir/Madam,

**Sub: Declaration confirming compliance with the Code of Conduct**

I, Mr./Mrs./Ms. \_\_\_\_\_, \_\_\_\_\_(designation) do and hereby acknowledge and confirm that during the financial year \_\_\_\_\_, to the best of my knowledge and belief, I have not violated any of the provisions of the Code of Conduct as applicable to the Directors and Members of Senior Management of the Company or any policies or legal/ regulatory requirement of the Company, directly or indirectly applicable to my job or responsibility.

Signature:

Name:

Designation:

Place:

Date:

**Note:**

1. Please sign and return this affirmation to the Company Secretary before April 21, every year.
2. This Code shall be applicable and binding on all Directors and Members of Senior Management, from the date of their appointment and this affirmation shall be valid for the said financial year.