



## **POLYSIL IRRIGATION SYSTEMS LIMITED**

**Registered Office:** Survey No- 340/1, Beside Hystuff Steel At Post Raniya, Taluka Savli, District Vadodara Raniya Taluka Savli Vadodara - 391780, Gujarat

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# **CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGERIAL PERSONNEL AND ADDITIONAL CODE OF CONDUCT FOR INDEPENDENT DIRECTORS**

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## ❖ INTRODUCTION

Polysil Irrigation Systems Limited is committed to conduct business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations.

The Company believes that a good Corporate Governance Structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

This Code of Conduct (the “Code”) has been framed under the Listing Agreement with the Stock Exchange and as amended from time to time by the prescribed authorities of India.

The Code shall come into effect from the date of its adoption by the Board of Directors at their duly convened and constituted meeting.

## ❖ PREAMBLE

This Code sets forth legal and ethical standards of conduct for Directors and Senior Managerial Personnel (it includes all members of core management team one level below the executive Directors and all the functional heads) of Polysil Irrigation Systems Limited (the “Company” or “POLYSIL”) and ensures compliance with legal requirements under the Listing Agreement.

The Company seeks:

- (a) Honest, fair and ethical conduct
- (b) Confidentiality of Information
- (c) Ethical handling of conflicts of interest between personal and professional relationships;
- (d) Legal Compliances
- (e) Protection and Proper Use of Corporate Assets and resources
- (f) The prompt Internal Reporting to an appropriate person or persons identified below of violations of this Code.
- (g) Accountability for Adherence to this Code

Directors and Senior Managerial Personnel must conduct themselves accordingly and not to indulge in improper behavior or moral turpitude.

## ❖ HONESTY, INTEGRITY AND ACCOUNTABILITY

Honesty, Integrity, transparency, trust and accountability all are part of the core belief of each & every activity at Polysil Irrigation Systems Limited which has been the continuing basis of its growth and all-round development.

This Code of Conduct is a statement of the Company’s commitment to integrity and high ethical standards moreover code of conduct defines the acceptable and non-acceptable behavior of all employees.

Obtaining of material information through unethical means, possessing trade secret information without the prescribed authority consent, or inducing such disclosures by past or present employees of other companies is prohibited.

All our Directors and Senior Managerial Personnel should possess highest personal and Professional Ethics, Integrity and Values along with accountability. They should be able to balance the legitimate interests and concerns of all Company’s stakeholders in arriving at a decision, rather than advancing the interest of a particular constituency.

We are required to outperform our competition fairly and with integrity. We seek competitive advantages through superior performance and never through unethical or illegal business practices.

## ❖ CONFIDENTIALITY

“Confidential Information” refers to any material information which is non – public in nature or unpublished price sensitive information which may force others to change the mindset. Any information concerning the Company’s business, its customers, suppliers etc., which is not in the public domain and to which the Director and Senior Managerial Personnel has access or possesses such information, must be considered confidential.

Such information shall include but is not limited to:

- A. Any improvements and innovations, whether patentable or copyrightable or otherwise.
- B. Methods, processes and techniques.
- C. Personnel data (Management or otherwise).
- D. Financial, pricing and accounting data.
- E. Client’s data or any material information related to proposed or past clients.
- F. Results of regulatory inspections/audits
- G. Business plans and updates to business plans
- H. Potential acquisitions, licenses or other business deals
- I. Potential equity interests
- J. Regulatory filings and approval data
- K. Marketing and sales information Apart from Statutory disclosures and other disclosure with Board consent any disclosure of confidential information about the company’s business, whether intentional or accidental, can adversely affect the financial stability and competitive position of Polysil Irrigation Systems Limited. Hence, disclosure of any such information is prohibited. Disclosure of any information on proceedings of Board Meetings/Committee Meetings Internal Meetings, and disclosures of forward-looking statements is prohibited. In case any such disclosure has to be made it has to be approved by the Management and shall be combined with cautionary statements, wherever required

## ❖ LEGAL COMPLIANCE

The Directors and Senior Managerial Personnel are responsible for Company’s adherence to statutory and legal/regulatory requirement(s) as applicable to the business of the Company and also monitor company’s compliance with the Corporate Governance Regulations. They must, from time to time, recommend to the Board any suggestions for all such matters and on any corrective measures to be taken. The Directors and Senior Managerial Personnel should also ensure company’s compliance with the Listing and other legal requirements relating to financial statements.

The Company cannot accept practices which are unlawful or may be damaging to its reputation. The Directors and Senior Managerial Personnel shall extend full cooperation to regulatory authorities, and disclose information as may be required.

In the event the implication of any law is not clear, the Company’s Legal Department or compliance officer shall be consulted for advice.

## ❖ CONFLICTS OF INTEREST

A conflict of interest exists where the interests or benefits of one person or entity contradict or litigate with the interests or benefits of the Company. The following pertains to all conflicts of interest other than those relating to transactions between **POLYSIL** and its affiliates/subsidiaries. Conflicts of interest is said to arise in the following circumstances:

- A. Personal or family financial interest has an influence on the work for the company;
- B. There exist possibilities where the personnel’s decisions or work may be based on influential factors like

gifts, loans or unusual hospitality which confines him/her from fulfilling his/her duties and responsibilities towards the company objectively and effectively. Duties and responsibilities of the Directors and Senior Managerial Personnel with regards to conflicts of interest;

- C. It is the duty of a Director and Senior Management, while dealing on behalf or with the Company, to avoid any influences that interfere in abiding with their responsibilities towards the company and to disclose actual or any apparent conflicts of interest immediately.
- D. They shall always put the interest of the Company before their personal interests.
- E. They are prohibited from accepting simultaneous employment or any favors from any of the suppliers, customers, developers or competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position.
- F. Creating or selling any product or services that compete with the company shall be considered to be against the policy of the Company.
- G. They shall be abstained from discussion and voting on any matter in which they have or may have a conflict of interest
- H. It is responsibility of the individual to disclose any material transaction or relationship that gives rise to or reasonably could be expected to give rise to a conflict of interest to the Compliance Officer.

The Board of Directors or any authorized Director shall be responsible for determining whether such transaction or relationship constitutes a conflict of interest.

To list and clearly define all the circumstances/situations giving rise to conflicts of interest is not possible as it varies from situation to situation, so if one has any question or doubt for that matter, one shall consult with the Compliance Officer.

#### ❖ DECLARATIONS TO THE BOARD

A Board Member does not take membership of more than such number of committees or act as Chairman of more than such number of committees across all companies as is prescribed under applicable law or provisions of Listing Agreement with Stock Exchanges. Every Board Member informs the Board of all such membership at the beginning of each financial year and also of every change as and when they take place. The Board Members and the Senior Management team informs their equity holding in the company and any changes that may take place and do not indulge in any trading of the securities of the company which would come within the purview of the Company's Insider Trading Regulations. In case of any agreement or contract which is or shall be entered into by and between two corporate entities, in which a Director is interested, the Director forthwith draws the attention of the Board about the fact and does not participate in the deliberations nor vote on the resolution relating to the same.

#### ❖ USE OF COMPANY'S ASSETS AND NAME

Proper care should be exercised to ensure that the use of Company's assets is reasonable and there is no wastage. It is the responsibility of the Directors and Senior Managerial Personnel to protect the assets and proprietary information of the Company and ensure that the same are used only for business purposes of the Company. Any suspected incident or fraud or mismanagement of the assets of the Company should be immediately reported to the Chairman or Managing Director or Company Secretary of the Company.

Under no circumstances they should misuse Company's facilities which include tangible assets as well as intangible assets such as systems, proprietary information, intellectual property, and relationships with the clients. The use of Company's name, property and trademark should be strictly for the Company's business purpose and shall not, under any circumstances, be used for their personal interest.

It must be ensured that the equipment/ facilities/ amenities provided to them by the Company for discharge of their duties in terms of their employment are used with proper care and diligence and return the possession thereof upon their resignation, termination or retirement from the services of the Company, as the case may be.

## ❖ RECORD KEEPING

The company requires keeping correct, true and accurate records of all its accounting and other information. It is necessary that all its employees should report correct information to its senior executives and should not misguide them. All books, records and accounting of the company must reflect accurate and true position of the activities and status of the company, no misleading information should be there. Records we always retained or destroyed according to the Company's record retention policies and applicable law. In accordance with those policies, in the event of threatened or actual claims, litigation or governmental investigation, please consult the Company's Legal Department regarding retention or destruction of any related materials. Confidential Information

## ❖ GIFTS AND DONATIONS

Any form of gifts or personal favors from the suppliers and to the customers should not be entertained or be offered as the case may be, as the same shall be considered to be violating the policies of the Company. Acceptance or Offering of any such gifts and donations leads to unfair trade practices and will be considered to be highly unethical.

The Directors and Senior Managerial Personnel should be careful that this rule is not violated by anyone as its violation shall be considered as unlawful and illegal and will have an adverse effect on the financial status and reputation of Polysil Irrigation Systems Limited.

The Company shall cooperate with governmental authorities in efforts to eliminate all forms of bribery, fraud and corruption. The Company shall not be liable to any obligations arising as a result of any such serious breach of discipline and the recipient or provider of any gifts shall be held personally liable for such act. Information about any such acts should be immediately reported to the Chairman or the Compliance Officer or Company secretary.

It shall be noted that this does not restrain from acceptance of gifts of items which are customary in nature or associated with festivals provided full disclosure of the same is made. Also, accepting or offering courtesies or invitations to social or sports events which are considered customary and are in keeping good business ethics so long as no obligation is involved shall not be considered to be against the policy.

## ❖ REPORTING OF ILLEGAL ACT OR MISCONDUCT

The Directors & Senior Managerial Personnel are considered to be the first line of defense against civil or criminal liability and unethical business practice. They should observe or become aware of any illegal, unethical or otherwise improper conduct. Any act which could have an impact on the reputation of the Company, whether by an employee, supervisor, client, consultant, agent, supplier or other third party, they must promptly notify the same to the Chief Executive.

Every employee of Polysil Irrigation Systems Limited shall, without fear of retaliation, make a protected disclosure under the whistle blower policy of the Company, when she / he becomes aware of any actual or possible non-adherence or violation of laws, rules, regulations or unethical conduct or an event of misconduct, act of misdemeanor or act not in the Company's interest.

## ❖ SUSTAINABLE DEVELOPMENT

The Company believes in sustainable development and is committed to be a responsible corporate citizen for the development of society; Moreover, Polysil Irrigation Systems Limited is creating awareness in the society at large.

To achieve this objective, the business and operations of the Company shall be conducted in an environmentally friendly manner and provide a safe and healthy working environment to its employees.

Particular attention should be paid to training of the employees to increase safety awareness and adoption of safe working methods, particularly designed to prevent serious accidents. It is the responsibility of all Directors and Senior Managerial Personnel to ensure compliance with all applicable environmental, safety and health laws and regulations and internal policies.

## ❖ INSIDER TRADING

The Directors and senior management endeavor to ensure compliance with all applicable laws, rules, and regulations applicable to the Company. Transactions, directly or indirectly, involving securities of the Company is not undertaken without complying with Code of Conduct for Prohibition of Insider Trading. Any information relating to company which is non-public information is not disclosed by anyone who so ever having knowledge of such information to any other person. Any investment decisions taken on behalf of the information collected from inside the company are not only unethical but also illegal and shall be prosecuted for the same by the government agencies.

## ❖ ADHERENCE WITH THE CODE OF CONDUCT

The Directors and Senior Managerial Personnel should abide by the duties and responsibilities as mentioned in this code and the code must be taken seriously by all the concerned persons as it is important to the Company. The Code does not specifically address every potential form of unacceptable conduct, and it is expected that Directors / Management Personnel will exercise good judgment in compliance with the principles set out in this Code.

The directors and Senior Managerial Personnel must ensure that there are no violations of this code and if any violations do take place, disciplinary action, as deemed suitable by the Company, shall be taken.

The Directors and Senior Managerial Personnel shall affirm compliance with this Code on an annual basis.

## ❖ WAIVER OF THE CODE, AMENDMENTS AND MODIFICATIONS

This code is subject to changes as per the applicable legal amendments and requirement as per the stock exchange's regulations. The company has the right to amend, alter, modify and terminate this code without giving any reason or in some particular exceptional case along with notice. The Company shall make public disclosure as and to the extent required by applicable laws, rules and regulations, of amendments of this Code.

The Board shall not grant waivers to this Code. However, the Company may waive any one or more of the provisions of the code for any Key managerial personnel subject to approval of board of directors of company.

## ❖ DUTIES OF INDEPENDENT DIRECTORS

Pursuant to section 149(6) & (7) read with Companies (Appointment and Qualification of Directors) Rules 2014 along with Schedule IV for Code of Independent Directors and the recent amendments made by SEBI in Listing Agreement, the Independent Directors shall adhere to the duties as follows;

- (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.

#### ❖ **ADDITIONAL CODE OF CONDUCT FOR 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 bonafide 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 judgement in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgement 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 of directors of the Polysil Irrigation Systems Limited (the "**Company**") accordingly;
9. assist the company in implementing the best corporate governance practices.

##### ❖ **ROLE AND FUNCTIONS:**

An independent director shall:

1. help in bringing an independent judgement 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 of 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:

An independent director 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 and of the Board committees of which he / she 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 behaviour, 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:

- (i). 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.
- (ii). The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (iii). 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 fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (iv). The appointment of independent directors shall be formalized through a letter of appointment, which shall set out



- a) the term of appointment;
  - b) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - c) provision for Directors and Officers (D and O) insurance, if any;
  - d) the list of actions that a director should not do while functioning as such in the company; and
  - e) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (v). 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.
- (vi). 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:

- (i). 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.
- (ii). 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.
- (iii). 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:

- (i). 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;
- (ii). All the independent directors of the company shall strive to be present at such meeting;
- (iii). 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:

- (i). The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (ii). 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.

#### ❖ INSIDER TRADING:

- (i). In the normal course of business, independent directors of the Company are in possession of unpublished price sensitive information, which is the property of the Company. The independent director shall not profit from the buying or selling of securities for him/herself.

- (ii). The independent director is not to tip others to enable them to profit or for them to profit on his/ her behalf.
- (iii). The purpose of this Code is
  - (i) to inform the independent directors of their legal responsibilities and
  - (ii) to inform them that the misuse of sensitive information is contrary to Company policy and applicable Indian securities laws.
- (iv). As per the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (the “**Insider Trading Regulations**”), it is prohibited to deal in the securities of the Company during the period that trading window of the Company is closed.
- (v). Further, no insider shall trade in the securities of the Company, when in possession of unpublished price sensitive information.

You should read the Insider Trading Regulations carefully, paying particular attention to the specific policies and the potential criminal and civil liability and/ or disciplinary action for insider trading violations. Every independent director should comply with the Insider Trading Regulations.

**❖ WAIVERS AND AMENDMENTS OF THE CODE:**

The Board reserves the power to review and amend this Code from time to time. All provisions of this Code would be subject to revision / amendment in accordance with applicable law as may be issued by relevant statutory, governmental and regulatory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant statutory, governmental and regulatory authorities are not consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.

**❖ LIABILITY OF INDEPENDENT DIRECTOR**

An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement & Companies Act, 2013.

**❖ ANNUAL COMPLIANCE REPORTING**

In terms of Listing Agreement, all board members and senior management personnel shall affirm the compliance of this code on an annual basis. The Annual Report of the company shall also contain a declaration to this effect duly signed by CEO of the company.

**❖ AMENDMENTS & MODIFICATION TO THE CODE**

The provisions of this code can be modified /amended 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.

**❖ PLACEMENT OF THE CODE ON THE WEBSITE**

This Code and any amendments thereto shall be hosted on the website of the company.

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