



CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

INTRODUCTION

Panchmahal Steel Limited (“the Company”) is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics and ethical conduct and in dealing with all stakeholders with the highest ethical standards and integrity. Along with our commitment to competitiveness and performance, we will continue to be led by our values to achieve sustainable success. This Code of Business Conduct and Ethics (“this Code”) helps to ensure compliance with legal requirements and standards of business conduct. The Board of Directors of the Company (“the Board”) had initially approved the Code of Conduct at their meeting held on 30.01.2006, for (i) all members of the Board (“Directors”) and (ii) Senior Management Personnel viz., every employee in the grade of Assistant General Managers and above and any other employee as may be determined and informed by the Compliance Officer from time to time. (“Officers”).

In substitution of the earlier code, in order to tune it in line with the Revised Clause 49 of the Listing Agreement as applicable from October 1, 2014, the following revised Code of Conduct has been adopted by the Board of Directors of the Company applicable to the Directors and senior management personnel of the Company effective from October 1, 2014.

Every Director and Officer is expected to read and understand this Code and its application to the performance of his or her duties, functions and responsibilities.

This Code reflects the business practice and principles of behaviour that support this commitment.

The Board is responsible for setting the standards of conduct contained in this Code and for updating these standards as appropriate to reflect legal and regulatory developments. This Code is intended to provide guidance and help in recognizing and dealing with ethical issues and to help foster a culture of honesty and accountability. Every Director and Officer is expected to read and understand this Code and its application to the performance of his or her duties, functions and responsibilities.

Every Director and Officer must, as may be applicable, –

- I. represent the interests of the shareholders of the Company;
- II. exhibit high standards of integrity, commitment and independence of thought and judgement;
- III. dedicate adequate time, energy and attention to ensure the diligent performance of his/her
- IV. duties including make all reasonable efforts to attend Board or committee meetings;
- V. comply with every provision of this Code; and
- VI. ensure that all employees of the Company shall be treated with equal respect and dignity and
- VII. shall be provided with equal opportunity to develop themselves and their career.



COMPLIANCE OFFICER

The Company has designated Mr. Deepak Nagar, GM (Legal) & Company Secretary as its Compliance Officer to administer this Code. Directors and Officers, at their discretion, may make any report or complaint provided for in this Code to the Chairman of the Board of the Company or to the Compliance Officer. The Compliance Officer will refer the complaints to the Chairman of the Board.

COMPLIANCE WITH APPLICABLE LAWS

In the discharge of their duties and responsibilities, Directors and Officers must comply with all applicable laws, rules and regulations. These would include provisions of the Companies Act, securities laws, insider trading laws, and the Company's insider trading compliance policies.

CONFLICTS OF INTEREST

Directors and Officers must avoid situations which could lead to a conflict of interest situation. A Director or Officer who is in possession of (i) any material inside information that the Company has not disclosed to the public, or (ii) any inside or unpublished material information about any suppliers and customers of, or any company which does business with, the Company, may not purchase or sell any of the securities of the Company.

Subject to the above, Directors and Officers should be free to make personal investments and enjoy social relations and normal business courtesies. However, they must not have any interests that adversely influence the performance of their duties, functions and responsibilities as Directors or Officers of the Company. A conflict of interest can arise when a Director or Officer or a member of his immediate family receives improper personal benefits as a result of his or her position as a Director or Officer of the Company. A conflict situation can also arise when a Director or Officer takes an action or has an interest that may make it difficult for him or her to perform his or her duties, functions and responsibilities objectively and effectively.

While this Code does not attempt, and indeed it would not be possible, to describe all conceivable conflicts of interest that could develop, the following are some examples of situations which may constitute conflicts of interest as may be applicable:

- Working, in any capacity, for a competitor, customer, supplier or other third party while employed by the Company.
- Being involved in any outside activity of any type which is so substantial as to call into question the ability of the Director or Officer to devote appropriate time and attention to his responsibilities of the Company.
- Acquiring any ownership interest (other than a nominal amount of stock in publicly traded companies) in any supplier, customer or competitor of the Company.



- Accepting any directorship on the board of directors of any supplier, customer or competitor of the Company, unless such directorship has been prior approved by the Board.
- Competing with the Company for the purchase or sale of property, products, services or other interests.
- Directing business to a supplier owned or managed by, or which employs, a relative or friend.
- Receiving loans or guarantees of obligations as a result of one's position as a Director.
- Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company.
- Accepting, or having a member of a Director's family accept, a gift from persons or entities that deal with the Company, where the gift is being made in order to influence the Director's actions as a member of the Board, or where acceptance of a gift could otherwise reasonably create the appearance of a conflict of interest.

Any question about a Director's or Officer's actual or potential conflict of interest with the Company should be brought promptly to the attention of the Chairman of the Board, who will review the question and determine a proper course of action, including whether consideration or action by the Board is necessary. Directors and Officers involved in any conflict or potential conflict situations shall excuse themselves from any discussion or decision relating thereto.

CORPORATE OPPORTUNITY

Directors and Officers shall not –

- a) compete with the Company; or
- b) take for themselves personally any business opportunities that belong to the Company or are
- c) discovered through the use of corporate property, information or position; or
- d) use corporate property, information or position for personal gain.

CONFIDENTIALITY

All Directors and Officers must maintain the confidentiality of confidential information entrusted to them or disclosed or acquired by them in carrying out their duties and responsibilities, except where disclosure is authorised by the Company or is required by laws, regulations or legal proceedings. The term "confidential information" includes, but is not limited to, non-public information that might be of use to competitors of the Company or harmful to the Company or its customers, if disclosed. Whenever feasible, Directors and Officers should consult the Chairman of the Board or the Compliance Officer if they believe they have a legal obligation to disclose confidential information.



FAIR DEALING

Directors and Officers should endeavour to deal fairly with the Company's customers, suppliers, competitors, officers and employees. No Director or Officer may take unfair advantage of the Company's customers, suppliers, competitors or employees through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. Gifts or entertainment in any form that is likely to result in a feeling of expectation of personal obligation should not be extended or accepted.

The funds of the Company will not be used in payments, direct or indirect, to government officials, people participating in government bodies, employees of state organisations or representatives of political parties, for unlawful or improper purposes.

PROTECTION AND PROPER USE OF COMPANY ASSETS

Directors and Officers should perform their duties in a manner that protects the Company's assets and ensures their efficient use. Company assets should be used for legitimate business purposes.

REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOUR

Directors and Officers are encouraged to promptly contact the Chairman of the Board or the Compliance Officer or the Chairman of the Audit Committee if he/she believes that he/she has observed illegal or unethical behaviour by any person, including an employee of the Company, Director or Officer, or by any one purporting to be acting on the Company's behalf or any violation or possible violation of this Code and the reporting Director or Officer has any doubt as to the best course of action in a particular situation. Confidentiality will be maintained, to the extent permitted by law.

PUBLIC COMPANY REPORTING

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Board of India, the Reserve Bank of India and/or the concerned Stock Exchange(s) on which the securities of the Company are or may be listed be full, fair, accurate, timely and understandable.

Directors and Officers may be requested to provide information necessary to ensure that the Company's published reports meet these requirements. The Company expects Directors and Officers to provide prompt and accurate answers to enquiries relating to its public disclosure requirements.

SEXUAL HARASSMENT

Sexual harassment is illegal under Indian laws and a violation of the Company's policies. An employee engaging in sexual harassment will be subject to disciplinary action up to and including termination of employment and/or liable to indemnify the Company for the loss incurred by the Company on account of his such action/inaction and/or forfeiture of the termination benefits, if any (or to say to the extent of the loss suffered by the Company on account of his engaging in sexual harassment).

INSIDER TRADING

The Company has formulated a Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices. The Directors and the Management personnel covered under the said Insider Trading code shall comply with the requirements of the said code. If a person possesses material non-public information concerning the Company that issues publicly-traded securities, it is generally illegal for the person to trade in securities of that company or to "tip" others who might trade in such securities.

Directors and Personnel covered by the said Insider Trading code, all other employees covered under this Code and third parties who are in a confidential relationship with the Company (as well as such individuals' household members and close relatives) ("Covered Persons"), shall not trade in or recommend the purchase or sale of Company's Securities while they are in possession of material information regarding the operations or prospects of Company that have not been publicly disclosed and disseminated. Covered Persons shall also similarly abstain from trading in, or recommending the purchase or sale of the securities of any other company that issues publicly-traded securities of which they have obtained material non-public information as a result of their employment by or affiliation with the Company.

Persons covered by this Code shall not disclose any such material non-public information to third parties except when done for valid business purposes (and covered by an appropriate confidential disclosure agreement). In such cases the covered persons must have no reason to believe the information will be misused or the disclosures might otherwise violate securities laws.

DUTIES OF INDEPENDENT DIRECTORS

- (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.

AMENDMENT, MODIFICATION AND WAIVER

This Code may be amended, modified or waived only by the Board and must be publicly disclosed if required by any applicable law or regulation. As a general policy, the Board will not grant waivers to this Code.

CLARIFICATIONS

For all queries concerning this Code, the Directors and Officers may please contact the Compliance Officer. The decision of the Chairman of the Company shall be final and binding.