



**CODE OF CONDUCT FOR DIRECTORS
AND SENIOR MANAGEMENT**

REGISTERED AND CORPORATE OFFICE

Shalby Limited

Opposite Karnawati Club
Sarkhej Gandhinagar Highway
Near Prahlad Nagar Garden
Ahmedabad – 380 015
Gujarat, India

CIN: L85110GJ2004PLC044667

I. INTRODUCTION

This Code for the members of the Board of Directors and for the Senior Management Personnel of Shalby Limited (“the Company”) helps the Company 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.

The Board of Directors of the Company at its meeting held on December 20, 2016 adopted the “Code of conduct for directors and senior management of the Company” (“Code of conduct”).

II. APPLICABILITY

The code is applicable to the following persons (the Officers):

1. Members of the Board of Directors of the Company and
2. Senior Management Personnel

For this purpose “Senior Management” shall mean, personnel of the company who are member of core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the Board including all functional head and unit head.

The Directors and Senior Managerial Personnel shall confirm that they have received, read and understood the Code of Conduct. They further agree to comply with the Code and shall give their affirmation on adherence to the code in **Annexure - B** on an annual basis latest by 30th April every year.

III. DEFINITION

Material Transaction: Every transaction the value of which exceeds Rs. 50,000 per annum shall be considered as transaction of the material nature.

Interest in Transaction: Interest in any transaction (be a contract or arrangement) either through himself or through any of the following shall be regarded as interest in the transaction:

- I. Interest through spouse;
- II. Interest through son/daughter;
- III. Interest through parents or
- IV. Interest through Son's wife or Daughter's husband.

Corporate Opportunity: Corporate Opportunity is an opportunity in which the Company has a right / property / interest or expectancy or opportunity is the one, which in justice should belong to the Company.

IV. HONEST AND ETHICAL CONDUCT

It is Policy of the Company to conduct its business in accordance with all applicable laws and regulations of the jurisdiction in which such business is conducted and to do so with complete honesty and integrity in accordance with highest moral and ethical standard. The Company expects all Officers to accomplish all tasks in the capacity of Officer, whether in the premises of the Company or outside, with highest degree of honesty, integrity and professional ethics.

Honesty means every act of the Officers should be free from any fraud or deception. Ethical behavior is the behavior in conformity with accepted professional standards. In case you find any difficulty regarding appropriateness of any action or inaction you can seek assistance for its interpretation from the Human Resource Department or Company Secretary.

1. The Directors and Senior Managerial Personnel shall act honestly, fairly, ethically with loyalty and conduct themselves in a professional, courteous and respectful manner.
2. Independent Director shall also abide with the provisions of “Code for Independent Directors”, as provided in Schedule IV of the Companies Act, 2013 and as mentioned in point no. XIV of this code.
3. The Directors and Senior Managerial Personnel act in the best interest of the Company and in a manner to enhance and maintain the reputation of the Company and fulfill their fiduciary duties to stakeholders of the Company.
4. The Directors and Senior Managerial Personnel are expected to act in good faith, with responsibility, due care, competence, diligence and independence.
5. The Directors and Senior Managerial Personnel should treat their colleagues and other associates of the Company with dignity and shall not misbehave with any of them.

V. DISCLOSURE OF INTEREST

It is an obligation of every Officer of the Company to disclose nature of his / her interest or concern in any material transaction made or proposed to be made on behalf of the Company. Disclosure under this clause shall be made by the Officer to the Human Resource Department or Company Secretary as soon as it comes to his / her knowledge. General notice given to the Human Resource Department or Company Secretary to the effect that he / she is related to such & such persons and is to be regarded as concerned or interested in any transaction, which may, after date of the notice, be entered into with that person(s), shall deemed to be sufficient disclosure of his / her concern or interest in relation to any transaction. Such notice shall be made annually and shall be submitted to the Human

Resource Department or Company Secretary before the expiry of the first month of the Financial Year to which it relates. Any change to the Notice shall be intimated to the Company within fourteen days of the occurrence of such change.

VI. USE OF COMPANY'S FUNDS & ASSETS

The Company expects all Officers to use Company's funds diligently. The Officers are prohibited from using Company assets, Confidential or proprietary information or position for personal gain.

VII. CONFLICTS OF INTEREST

- The Directors and Senior Managerial Personnel should avoid any relationship, influence or activity that may affect the ability to make fair decisions.
- The Directors and Senior Managerial Personnel should avoid the acceptance or continuation of any position of influence or of pecuniary interest, directly or indirectly, in any other organization or indulge themselves in a business without prior approval of the Board / Committee, during their tenure, which is in completion with the Company.
- The Directors and Senior Managerial Personnel are responsible for effective control and appropriate use of Company's resources entrusted to them for official discharge of their duty.

Officers are expected to disclose any of their transaction, which has or may have any conflicting interest with the business of the Company. They must ensure that these transactions do not compromise on their responsibility towards the Company. Transaction here includes investment in supplier, competitor or customer of the Company, Directorship in any competitor Companies, acceptance of any simultaneous employment in suppliers or customers or competitor firm(s) Company(ies).

VIII. CORPORATE OPPORTUNITIES

An Officer should not exploit any Corporate Opportunity for their personal use, which comes to their knowledge, because of such position, without obtaining prior consent of the Board of Directors.

IX. CONFIDENTIALITY OF INFORMATION

Every officers are under obligation to secure, preserve, safeguard and modestly, confidential information in the best interest of the Company. He should not divulge or communicate such information to third parties except when necessitate for the business reasons.

X. PAYMENTS OR GIFTS FROM OTHERS

No Member of the Board & Senior Management of the Company or member of his or her immediate family, shall (directly or indirectly) solicit, accept or retain any gift, entertainment, trip, discount, service, or other benefit from any organization or person doing business or competing with the Company, other than (i) modest gifts or entertainment as part of normal business courtesy and hospitality that would not influence, and would not reasonably appear to be capable of influencing, such person to act in any manner which is not in the best interest of the Company or (ii) acceptance of a nominally benefit that has been disclosed to the Company.

XI. EMPLOYEE RELATIONSHIPS

The Company continually strives to promote positive and productive working relationships among its Officers to fully comply with the letter and spirit of all laws prohibiting discrimination and sexual harassment. While the Company does not wish to unduly interfere with the private lives of its employees, some limitations on personal relationships in the workplace are necessary in order to prevent actual or perceived favoritism, problems with seniors and possible claims of discrimination or harassment.

The Company recognizes the importance of developing close working relationships among employees and this policy is not intended to prohibit friendships that naturally develop in a work setting or social interaction among employees.

XII. COMPLIANCE WITH LAWS, RULES & REGULATIONS

Officer must comply with all applicable laws, rules and regulation. Officers are expected to have knowledge of legal obligations relating to their duty and to accomplish their tasks in conformity with such obligations.

XIII. INCLUSIONARY CLAUSE

Transactions given above are only exemplary ones and it would not be possible to quote here, all situations in which conflict of the interest may arise. So, if a situation raises any doubt or question, the Officer may consult the Human Resource Department or Company Secretary.

XIV. COMPLIANCE WITH CODE OF CONDUCT

It is part of the Officer's duty to help in the enforcement of the Code. They are under an obligation to bring any violation of the Code to the knowledge of the Human Resource Department or Company Secretary. All the Officers are expected to co-operate in any investigation made in pursuance of the Code. Reprisal, threat, retribution or retaliation against any person, who has, in good faith, reported a violation or suspected violation of the law under this Code or under other Company Policy (ies) or against any person who is

assisting in any investigation or process with respect to such a violation, is prohibited. The Company will take appropriate action against any Officer whose actions are found to violate the Code or any other Policy of the Company. Disciplinary action may include immediate termination of employment or cessation of the office or any other action at the Company's sole discretion. Where the Company has suffered a loss, it may pursue its remedies against the person(s) responsible.

XV. WAIVER AND AMENDMENTS TO THE CODE

This Code is subject to the modifications and no amendment / waiver of any provision of the Code is possible unless approved in writing by the Board of Directors of the Company.

XVI. CODE FOR INDEPENDENT DIRECTOR

Pursuant to Section 149, 166 of the Companies Act, 2013 and rules thereto and Schedule IV of the Companies Act, 2013

Guidelines of Professional:

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.

I. 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) 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 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.

II. 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 fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out:
 - a. the term of appointment;
 - b. 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;
 - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d. provision for Directors and Officers (D and O) insurance, if any;
 - e. the Code of Business Ethics that the company expects its directors and employees to follow;
 - f. the list of actions that a director should not do while functioning as such in the company; and
 - g. 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 during normal business hours.

- 6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

III. Re-appointment:

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

IV. 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 fulfills 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.

V. 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:
 - 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.

VI. 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.

ANNEXURE – A
CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

To,
The Company Secretary
Shalby Limited
Shalby Hospitals,
Opp: karvanati Club,
Sarkhej Gandhinagar Highway,
Ahmedabad -380015

ACKNOWLEDGEMENT FORM

Dear Sir,

I, _____ acknowledge having received, read and understood the Company's 'CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL' of the Company. I agree to comply with the standard contained in the Code and related policies and procedures as is required as part of my continued association (either as Director or as employee). I acknowledge that the code is only a statement of principles for individual and business conduct and does not constitute an employment contract.

I understand that any violation of the Code of Conduct or any corporate ethics or compliance or procedure is grounds for disciplinary action, upto and including discharge from my association with the Company or any other action at the Company's sole discretion. the

Signature: _____

Name:

Designation:

Date:

Place:

Annexure - B

To
The Board of Directors
Shalby Limited
Shalby Hospitals, Opp. Karnawati Club
S. G. Road
Ahmedabad 380 015

Sub : Compliance of Code of Conduct for year ended March 31, _____

Dear Sirs,

I, _____, Director / Senior Managerial Personnel of the Company hereby confirm that I have complied / not complied with the Code of Conduct for Directors and Senior Managerial Personnel for the year ended March 31, _____.

Thanking you

Yours sincerely

Signature

Name:

Designation:

DIN (in case of Director):

Mobile No.