

**AROHAN FINANCIAL SERVICES LIMITED**

**CODE OF CONDUCT & DISCIPLINE RULES VERSION 3.0**



**Prepared by** : ACOC Committee  
**Approved by** : Board  
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### Code of Conduct

<b>Title:</b>	<b>Code of Conduct &amp; Discipline Rules</b>	<b>Version:</b>	<b>3.0</b>
<b>Department:</b>	<b>ACOC Committee</b>	<b>Effective:</b>	<b>1-April-2018</b>

#### **Purpose**

The Code of Conduct & Discipline Rules (**henceforth referred to as “CD Rules” in brief**) for all employees have been formulated to maintain the standard of business conduct for Arohan Financial Services Limited (**henceforth referred to as “Company” in brief**), ensuring compliance with legal requirements. The purpose of the CD Rules is to deter wrong doing and promote discipline. The matters covered in this Code are of utmost importance to the Company, its valuable clients, its shareholders and its business partners. Further, these are essential so that the company can conduct its business in accordance with its stated values.

The Code is applicable to all employees across functions, geographies and grades.

Integrity in conducting business by Company is of paramount interest and essential. As such employees are expected to read and understand this Code, up hold these standards in day to day activities and comply with: all applicable laws, rules and regulations and procedures adopted by the Company business and social events by the Company that govern the conduct of its employees.

As the principles described in this Code of Conduct and Discipline Rules are general in nature, for any clarification, employees may contact “HR” department in this regard.

#### **DEFINITION**

- A. “Group Companies” here includes all subsidiary, joint venture and associate companies of Arohan Financial Services Ltd.
- B. “Subsidiary, Joint Venture and Associate Companies” shall have the same meaning as defined in the Companies Act, 2013 unless the contrary exist.
- C. “Relatives” shall include spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relations and in-laws.
- D. “You, your, him, them etc.” used in the CD Rules shall refer to the Employees of the Company.

#### **RULE-1. APPLICABILITY.**

These rules shall apply to all employees of the Company, except, those in casual employment or out sourced or paid from contingencies

#### **RULE-2. HONEST & DISCIPLINED CONDUCT.**

Every employee shall, at all times, maintain absolute devotion to duty, personal and professional integrity, honesty and ethics, while working on or off the Company’s premises, at off-site locations where the Company’s business is being conducted, at Company sponsored business and social events, or at any other place where such employees is representing the Company.

**RULE-3. PERFORMANCE STANDARD.**

All employees shall maintain the required level of performance consistently against targets and goals set for the year/quarter. Performance will be reviewed annually/quarterly and through other reviews and governance mechanisms as prescribed. If performance is found to be unsatisfactory for a sustained period (3 months and more), employee may liable to be proceeded against under the rules of HR Mechanism. The Performance Appraisal is to be taken care by the respective employee's direct reporting manager and skip level manager as per organizational hierarchy. In case of any grievance on performance appraisal, the dispute is to be managed by the respective employees' Department Head, and if needed, along with the Head of HR Department

**RULE-4. CONFLICT OF INTEREST.**

Every employee's duty to the Company demands that he or she avoids and discloses actual and apparent conflicts of interest. A conflict of interest exists where the interest or benefits of one person or entity is in conflict with interest of benefits of the Company.

Conflicts of interests may arise in any of the following areas:

**(i) Dual Employment/Outside employment.**

Every employee shall be in full time employment with the Company only, every employee should devote full attention to the business interests of the Company. Employees are prohibited from engaging in activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the interest of the Company. Company's policies prohibit employees from taking up simultaneous employment with suppliers, customers, competitors of the Company or from taking part in any activity that enhances or supports a competitor's position and indulging in part time businesses like Stock Trading etc., In such a case, the employee must seek express permission from the Human Resources Department. Any kind of dual employment/Outside employment reported would be considered as a major offense.

**(ii) Related parties.**

Every employee shall avoid conducting Company's business with a relative, or with a business, in which a relative of an employee is associated in a significant manner. Relatives include spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relations and in-laws. The extent policy of the Company discourages the employment of relative of employees in positions or assignments.

**On joining, employees are advised to declare any existing relationships in the work place i.e. relatives including spouse, children or parents working in the Company. Failure to do so may lead to disciplinary action.**

**(iii) Accepting gifts from others.**

Under no circumstances an employee shall accept any offer, payment, promise to pay, or authorization to pay any money, gift, privileges or any valuables from customers, third parties or partners, etc., that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, or commission of any fraud.

**(iv) Taking part in demonstrations.**

No employee of the Company shall engage himself or participate in any demonstration which involves incitement to an offense.

(v) **Use of Internet/Electronic Services.**

Every employee of the Company shall be guided by the IT policies applicable in the Company. The Internet/E-mail services and the electronic gadgets of the company should be used only for business communication purposes and not for personal use and the same should not be used for any unlawful, libelous, abusive, threatening, harmful, vulgar, obscene or otherwise objectionable material of any kind or nature. No employee should use his personal hardware / software in the office, unless the same is permitted by the Organizational IT Policies & Rules (like IT Security, BYOD etc.)

(vi) **Sexual Harassment.**

Notwithstanding anything contained in any other law for the time being in force, the conduct of sexual harassment would amount to misconduct in employment. However, a separate policy of **Prevention of Sexual Harassment at work place (POSH)** is in existence for further reference.

(vii) **Restriction on Employee Borrowing**

Active employees of Arohan, as well as their relatives (as defined under the Relatives at Arohan Policy), are not eligible to be borrowers or co-borrowers of Arohan's lending products. However, employees may avail of a Staff Loan as a benefit, subject to the eligibility criteria outlined in the Arohan Staff Loan and Salary Advance Policy.

**RULE-5. MISCONDUCT.**

“MISCONDUCT” in the context of these rules shall mean and include breach of the conditions of these Rules as well as willful act or omission backed by deliberate malafide intent and those perceived as against the interest of the Company.

An illustrative list (not exhaustive) of serious misconducts is given below:

- (i) Willful insubordination or disobedience, impertinence whether alone or in combination with another or others, of any lawful and reasonable order of a superior.
- (ii) Any act, subversive of discipline, cleanliness and efficiency and any act involving moral turpitude committed within any premises of the establishment and outside.
- (iii) Theft, fraud or dishonesty in connection with the employer's business or property as also with those of other employees if occurring within the premises of the establishment
- (iv) Accepting bribes or illegal gratification in any form from any person who is associated with the business of the company (e.g. customer, vendor, dealer, DSA, MBA etc.).
- (v) Any act interpretable as a breach of integrity, honesty, in any manner, if specifically proved.
- (vi) Accepting cash towards EMI from the customer without issuance of money receipt.
- (vii) Habitual absence without leave of absence without sufficient cause/s or unauthorized absence for more than 7 consecutive days.
- (viii) Habitual late attendance.
- (ix) Any act which is a deliberate deviation from the laid down process of the company which may result in loss to the company.
- (x) Habitual negligence or neglect of work.
- (xi) Drunkenness, fighting, riotous, indecent disorderly behavior or conduct

likely to cause breach of peace or conducts endangering the life or safety of any other person.

- (xii) Causing damage to any property of the establishment.
- (xiii) Loitering, idling or wasting time during office hours.
- (xiv) Disclosing to any unauthorized person/s any information, secrets or formula in regard to the working of the establishment, this comes into the possession of the employee in course of work.
- (xv) Gambling etc. within the premises of the establishment.
- (xvi) Refusal to proceed on outstation duties or to carry out any duty assigned at any other place, or refusal to comply with any order/s of transfer.
- (xvii) Threatening or intimidating any employee or inflicting an assault on any employee within the premises of the establishment or any other employee within the premises of the establishment.
- (xviii) Refusal to accept a show-cause letter, suspension order or memo/notice or letter or any order given by a superior either himself or through a messenger or peon (including a courier service).
- (xix) Refusal to give evidence in any enquiry against any other employee charged with any misconduct and/or misbehavior with the Enquiry Officer or witnesses during the pendency of disciplinary proceedings.
- (xx) Refusal to submit oneself for search to the security staff or any other employee/official, if required, or refusal to offer himself/ herself for interrogation by management officials.
- (xxi) Obtaining leave of any kind on a false pretext or taking employment or doing any business during the suspension period.
- (xxii) Interference with records either pertaining to himself / herself or to any other employee.
- (xxiii) Giving false information regarding name, age, father's name, spouse's name, qualifications or any other previous service particulars and furnishing forged documents in support thereof.
- (xxiv) Habitual breach of any of the Orders or instructions issued there under from time to time or frequent repetition of any misconduct or act of omission.
- (xxv) Conviction in any Court of Law for a criminal offense.
- (xxvi) Committing any act of sexual harassment.
- (xxvii) Arohan by its discretion may impose financial penalty on an employee for any proven inappropriate behavior as raised by external stakeholders.

## **1. DISCIPLINARY ACTION**

If an employee is found guilty, upon an enquiry one or more of the punishment may be imposed commensurate with the gravity of the offense, namely;

### **(A) MINOR PENALTIES.**

- i) Advisory Note
- ii) Warning or Censure.
- iii) Recovery of the whole or part of any pecuniary loss caused to the Company by the employee as a result of the misconduct committed.
- iv) Suspension from employment without pay by way of punishment for a period not exceeding 7 days (i.e. Punitive suspension).

### **(B) MAJOR PENALTIES.**

- i) Removal from service which shall not be a disqualification for future employment.
- ii) Dismissal
- iii) Withholding of financial benefits accrued such as annual increment, variable pay in any form and long term plans eg. ESOP.
- iv) All grant of stock options including those, which are vested but not exercised shall expire and stand terminated with effect from the date of your termination from the employment due to breach of CD Rules.
- v) Demotion or reduction in rank/level with commensurate loss of pay.
- vi) Impacts chances of promotion & PMS Score.

## **2. NON-COMPETING AND NO POACHING**

- 2.1 During the term of your employment, you undertake not to engage directly or indirectly, as a consultant or as an employee, or make available your services to any organization or undertake any other activity which may interfere with the performance of your duties, or accept an obligation to render services to (including, services as an advisor or member of a board of directors) any other person or other entity, without the prior written consent of the Company.
- 2.2 You agree that you will not (nor will you cause or cooperate with others to) publicly criticize, ridicule, disparage or defame the Company or its products, services, policies, directors, officers, shareholders, or employees, with or through any written or oral statement or image (including, but not limited to, any statements made via websites, blogs, postings to the internet, or emails and whether or not they are made anonymously or through the use of a pseudonym).
- 2.3 You will not, during the term of the employment or for a period of 6 months thereafter, directly or indirectly, on your own accord or on behalf of or in conjunction with any other person, convey or actively solicit to attempt to induce any employee or business associate to leave their current employment with the Company and join the service of any competitor or your new employer.

## **3. CONFIDENTIALITY**

- 3.1 Employees will abide by the confidentiality obligations laid under the policies and processes of the Company and the applicable laws, as amended from time to time.

- 3.2 Employees will at all times observe the strictest confidentiality regarding all the Confidential Information of the Company, its affiliates, third parties, whether designated in writing as confidential or not. The Confidential Information shall mean all information or data (in any form or medium) disclosed to you by the Company or by a third party acting on behalf of the Company and shall include a) any information having been disclosed prior to the date hereof; and b) any information relating to Company's business operations, credit standards, product information, investments, financial information, know-how, trade secrets, customer information, market information, computer programs, hardware configurations, engineering specifications, training materials, pricing information or any information classified under law as confidential including sensitive personal information of customer(s) or potential customer(s) or consultants or employees of the Company and the terms of this letter of appointment (herein referred to as the "**Confidential Information**").
- 3.3 Employees of the company agree to use the Confidential Information, solely for the purpose of executing duties in the course of employment and for no other purpose. You agree not to copy, reproduce, reverse engineer, disassemble, modify and/or replicate in any manner, the Confidential Information or any part thereof, without the prior written consent of the Company.
- 3.4 The Confidential Information shall, at all times, remain the property of the Company.
- 3.5 The Company reserves the right to execute such additional confidentiality arrangements with you, as it may deem fit.
- 3.6 Notwithstanding the terms of this Clause, Confidential Information will not include information that is in the public domain other than as a result of breach of this Clause or is lawfully known to you or is lawfully disclosed to you by a third party other than under an obligation of confidence or is independently developed by you without knowledge of or recourse to the Confidential Information or you are required to disclose under any law or in course of discharge of your duties to the Company.
- 3.7 Failure to maintain confidentiality will entitle the Company to seek damages from you, apart from any other legal recourse that the Company may have under the applicable laws during or after the termination of your employment with the Company.

#### **4. COMPANY'S INTELLECTUAL PROPERTY RIGHTS, PUBLICATION AND MEDIA**

- 4.1 The Company shall retain all ownership in all works such as programs, policies, reports, creatives, software's, processes, products etc., and Confidential Information including all improvements, modifications or derivative works and/or any intellectual property rights therein. The proprietary rights in any derivative works developed by you based on any Confidential Information or intellectual property rights shall vest with the Company, as an employer.
- 4.2 Upon request and without further compensation thereof, you agree to do all lawful acts, including the execution of papers and the giving of testimony, that may be necessary in obtaining and enforcing intellectual property rights and for affirming and recording the Company's ownership and title thereto, and to cooperate otherwise in all proceedings and matters relating thereto.
- 4.3 During the course of your employment with the Company, should you desire to, publish articles in journals, newspapers, magazines and other publications, or be a speaker, you will do so with the prior approval of the Company as per

the corporate communication policy of the Company. However, for such articles/speeches, you will take appropriate measures and specifically mention that such articles/speeches have been written/ delivered in your personal capacity and do not reflect the opinion of the Company, unless the management specifically authorizes you in writing. The management reserves the right to review and edit any such articles/speeches to the extent of its conflict with the policies of the Company.

- 4.4 During the course of your employment, you will refrain from giving any interview or comment or feedback to media, either in print or visual, pertaining to the Company, without prior written authorization of the Company. Nothing contained herein shall absolve you from your obligation to maintain confidentiality in accordance with the terms hereof.

## **5. DATA PROTECTION**

- 5.1 You authorize the Company and other third parties appointed by the Company including the group companies, to collect, share, access, disclose, store, process, deal in any manner and transfer your personal information for the purpose of managing the employment relationship in accordance with the applicable laws.

## **6. TRAVEL AND TRANSFER**

- 6.1 You may be required to travel in discharge of your duties towards the Company. Your entitlements with respect to the same shall be governed by the Company's policy on the same.
- 6.2 The Company reserves the right to transfer/second/depute you to any other department, branch, unit or establishment under the same management or group companies, whether existing or to be set up in future. You may also be transferred to another firm or another Company, which is an associate or sister concern of the Company, or in which this Company has any interest, either financial or managerial. In the event of a transfer/secondment/deputation, you will be given a prior notice.
- 6.3 In the event of transfer/secondment/deputation, you will have continuity of service for the purpose of calculation of Provident Fund and Gratuity and you will be governed by the terms and conditions of the new organization.

## **7. GOVERNING LAW**

- 7.1 Your employment, and any dispute which may arise under, out of or in connection with your employment, shall be governed by and construed in accordance with the laws of India and shall be subject to the exclusive jurisdiction of the courts at Kolkata.

## **8. MISCELLANEOUS**

- 8.1 Notices or other communication required or permitted to be given or made here-under shall be in writing and delivered personally or by registered post or by courier or by email or by facsimile to the intended recipient at, in case of;
- i) an Employee: address recorded with the Company;
  - ii) the Company: address of the location where you are posted, or to such other address/number as may be notified by you from time to time in writing.

All such communication shall be effective when received.



- 8.2 Your employment will be governed and bound by and is subject to all the general guidelines, standards, rules, policies and practices laid down and amended by the Company from time to time. Such amendments may affect or result in a modification of the terms and conditions governing your employment which are set out in this letter of appointment and any appurtenances thereof, and you shall be bound by such modifications, subject to applicable laws.
- 8.3 This employment is subject to verification of your credentials and background, completion of all necessary documentation and reference check to Company's satisfaction.
- 8.4 You acknowledge that no prior verbal or prior written agreements, prior promises or representations that are not specifically stated in this letter of appointment will be binding on the Company.

**RULE-6. REMOVAL OF DOUBTS.**

Where a doubt arises as to the interpretation of any of these rules, the matter shall be referred to the Head of Human Resources (HOHR) or any designated Management personnel for final decision.

**RULE-7. AMENDMENTS.**

Management reserves the right to amend, modify or add to these rules, from time-to-time post approval of the Board.