

# AGARWAL

## DUPLEX BOARD MILLS LTD.

### **Agarwal Duplex Board Mills Ltd.**

(CIN: L99999DL1984PLC019052)

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### ***CODE OF CONDUCT***

#### ***Applicable to all Directors and Senior Management Personnel***

[as per Regulation 17 (5) of SEBI ( LODR) Regulations, 2015]

#### **Introduction:**

Agarwal Duplex Board Mills Limited is committed to conduct business in accordance with the highest standards of business ethical and complying with applicable laws, rules and regulations.

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

#### **Preamble:**

This Code of Conduct (“the Code”) shall be called “The Code of Conduct for Board of Directors and Senior Management Personnel (it includes all members of core management team one level below the executive Directors and all the functional heads,) of Agarwal Duplex Board Mills Limited. (hereinafter referred to as “the Company”) in compliance with the provisions of SEBI ( LODR) Regulations, 2015 entered into by the Company with the Stock Exchanges.

This Code seeks to provide guidance to the Board of Directors and Senior Management Personnel to manage the affair of the Company with:

- a) Honest, fair and ethical conduct,
- b) Confidentiality of Information,
- c) Ethical handling of conflicts of interest between personal and professional relationships,
- d) Legal Compliance,
- e) Protection and Proper Use of Corporate assets and resources,
- f) The internal reporting to 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.

## **Definitions**

In this Code, unless repugnant to the meaning or context thereof, the following expression, wherever used in this Code, shall have meaning as defined below:

**“Board/Directors”** shall mean the Board of Directors of the Company.

**“Company”** shall mean Agarwal Duplex Board Mills Limited (ADBML)

**“Conflict of Interest”** means where the interests or benefits of one person or entity conflicts with the interest or benefits of the Company.

**“Executive Directors/Whole time Directors”** shall mean and include Company’s Managing Director and Director who are in whole time employment of the Company.

**“Independent Directors”** shall mean an Independent Directors as per the provisions of the Companies Act, 2013 and Listing agreement (as revised from time to time)

**“Non – Executive Directors”** shall mean the Directors who are not in whole time employment of the Company.

**“Senior Management Personnel”** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the [“chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

## **Applicability:**

The Code shall be applicable and binding to the Board of Directors and the Senior Management Personnel of the Company.

The Director and Senior Management Personnel should continue to comply with other applicable / to be applicable policies, rules and procedure of the Company.

## **Principles of the Code**

The Board of Directors and other Senior Management Personnel of the Company shall observe the following:

### **Conduct**

The Board of Directors and the Senior Management Personnel shall act in accordance with the highest standards of personal and professional integrity, honesty, good faith, with diligence and responsiveness, excellence in quality, with academic responsibility and freedom and ethical conduct.

The Board shall act in utmost good faith and fulfill the fiduciary obligations without allowing their independence of judgment to be compromised

Every Director who is in any way, whether directly or indirectly, concerned or has financial interest in any business dealings concerning the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors. Other Senior Management Personnel shall make such disclosure to the Chairman / Managing Director / Deputy Managing Director. No interested person shall participate in the discussion or vote in the Board's proceedings or participate in any other manner in the conduct or supervision of such dealings

The Board of Directors and the Senior Management Personnel shall avoid any dealing with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members / Company

The Board of Directors and the Senior Management Personnel shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company.

The Board of Directors and the Senior Management Personnel shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Company and the Board declines to pursue such opportunity and allow him to avail such opportunity.

The Board of Directors and the Senior Management Personnel shall not make any statement which has the effect of adverse criticism of any policy or action of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders. Provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member, which are purely factual in nature and are not considered as confidential, in his official capacity or in due performance of the duties assigned to him.

The Board of Directors and the Senior Management Personnel shall not commit any offence involving moral turpitude.

The Board of Directors and the Senior Management Personnel shall exercise powers conferred upon him for achieving business goals of the Company in a fair and honest manner with reasonable direction and after weighing of the consequences of such use.

The Board of Directors and the Senior Management Personnel shall respect the confidentiality of any proprietary information accessed during the course of discharge of duties and ensure that such information is not used for personal gain.

The Board of Directors and the Senior Management Personnel shall act on the business principal of equity and justice, confidential interest of client and ultimate goal of the Company.

The Board of Directors and the Senior Management Personnel shall commit to observance laws and to the avoidance of any conduct which may be considered illegal under the same.

The Board of Directors and the Senior Management Personnel shall not trade, directly or indirectly for shares, securities and commodities considering the 'price sensitive information' which they may have direct access / influence and exposure by virtue of their fiduciary position or office of profit.

The Board of Directors and the Senior Management Personnel shall not act upon any confidential information relating to clients especially in share, securities and commodities other than in official capacity in the ordinary course of business.

The Board of Directors and the Senior Management Personnel shall not commit verbal or physical conduct of a sexual nature to anyone by virtue of their office position.

### **Gifts, Donations & Entertainment:**

The Board of Directors and the Senior Management Personnel shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favors for the conduct of its business. However, the Board Members and Senior Management may accept and offer nominal gifts, which are customarily given and are of a Commemorative nature, for special events

### **Conflict of Interest:**

The Board of Directors and the Senior Management Personnel must always act in the best interests of the Company and should avoid any situation where their personal interests conflict or could conflict with their obligations toward the Company. They must not, directly or through any members of their families, relatives or persons living with them or with whom they are associated, or in any other manner:

- (1) Have any financial interest that could have a negative impact on the performance of their duties, or derive any financial benefit from any contract between the company and a third party, where they are in a position to influence the decisions that are taken regarding that contract; or
- (2) Attempt to influence any decision of the Company concerning any matter with a view to derive any direct or indirect personal benefit For the purpose of this clause:

- “Conflict of Interest” shall mean the interests or benefits of one person or entity conflict with the interests or benefits of the Company”
- “Relative” shall mean and include ‘relatives’ as defined in of the Companies Act, 2013
- If a related party transaction is unavoidable; it must be fully disclosed to the Board of Directors. Also any dealings with a related party must be conducted in a manner such that no preferential treatment is given to such party

### **Transparency and Auditability:**

All Covered Persons shall ensure that their actions in the conduct of business are totally transparent except where the needs of business security dictate otherwise.

Such transparency shall be brought about through appropriate policies, systems and processes. All managers shall voluntarily ensure that their areas of operation are open to audit and the conduct of their activities is totally auditable.

**Confidentiality of Information:**

The Board of Directors and the Senior Management Personnel shall ensure and take all reasonable measures to protect the confidentiality of non-public information about AGARWAL DUPLEX BOARD MILLS LIMITED, its business, customers and other materially significant information obtained or created in connection with any activities with AGARWAL DUPLEX BOARD MILLS LIMITED and to prevent unauthorized disclosure of such information unless required by applicable laws or regulations or legal or regulatory process.

**Prevention of Insider Trading:**

The Board of Directors and the Senior Management Personnel shall also comply with the existing Code of Conduct for Prevention of Insider Trading laid down in conformity with The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

**Compliance of Law:**

The Board of Directors and the Senior Management Personnel shall comply with all laws, rules and regulations which arise on account of their being on the Board of the Company.

**Disclosure of Information:**

The Board of Directors and the Senior Management Personnel shall endeavour to produce full, fair, accurate, timely and understandable disclosures in reports and documents that AGARWAL DUPLEX BOARD MILLS LTD files with or submits to the regulators and in other public communications made by AGARWAL DUPLEX BOARD MILLS LTD.

**Other Directorships:**

The Directors should disclose their engagements, either as Director or in any other capacity to the Company in accordance with the provisions of the Companies Act, 2013.

**Duties of the Directors of the Company**

The Companies Act, 2013 significantly specifies certain duties and responsibilities of the Directors of the Company. While the list of duties as per the provisions of the Act, has been enumerated below, it should however, by no means be considered to be exhaustive:

- The Director shall devote sufficient time and attention to professional obligations for informed and balanced decision making.
- The Directors shall act in accordance with the articles of association of the company and in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, and community and for the protection of environment.

- The Directors shall have a clear understanding of the aims and objectives, capabilities and capacity and various policies of the company.
- The Directors shall exercise their duties with due reasonable care, skill and diligence.
- The Directors shall be required to intimate the change in the directorships held within thirty days of such change.
- The Directors shall bring an independent judgment to bear on the Board's deliberations especially on issue of strategy, performance, risk management, resources, key appointments and standard of conduct and an objective view in the evaluation of the performance of the Board and the Management.
- The Directors shall ensure that the integrity of financial information and that financial control are robust and defensible.
- The Director shall seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice.
- The Directors shall strive to attend and participate constructively & actively, in all general meeting, meetings of Board and its committees of which they are Chairman or member.
- The Director shall not assign his office of director of the company to another person.
- The Director shall ensure that adequate deliberations are held before approving related party transaction and shall assure themselves that the same are in the best interest of the Company.

### **Code for Independent Directors specifying their Duties**

A guide to professional conduct for Independent Directors is separately specified under the Companies Act, 2013, in Schedule IV – “Code for Independent Directors”, which lays down the guidelines of professional conduct for Independent Directors, their role & duties, along with appointment/reappointment process, evaluation mechanism and requirement for separate meeting of Independent Directors, which is appended as **Annexure I** to this Code.

### **Amendment to the Code**

The provisions of this Code can be amended or modified by the Board of Directors from time to time and all such amendments/modifications shall take effect from the date stated therein.

### **Affirmation of Compliance with the Code**

All the Board Members and the Senior Management Personnel shall affirm compliance with this Code within 30 days from the close of every financial year. Report shall be forwarded to the Compliance Officer of the Company.

**CODE FOR INDEPENDENT DIRECTORS**

(As per Schedule IV of Companies Act, 2013)

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**1. Guidelines of professional conduct:**

An independent director shall:

- a. Uphold ethical and standards of integrity and probity;
- b. Act objectively and constructively while exercising his duties;
- c. Exercise his responsibilities in a *bona fide* manner in the interest of the company;
- d. Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e. 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 a dissenting form the collective judgments of Board in its decision making;
- f. 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;
- g. Refrain form any action that would lead to loss of his independence;
- h. Where circumstance arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- i. Assist the company in implementing the best corporate governance practices.

**2. Role and functions:**

The independent directors shall:

- a. Help in bringing an independent judgment to bear on Board's deliberations especially on issue of strategy, performance, risk management, resources, Key appointment and standards of conduct;
- b. Bring an objective view in the evaluation of the performance of board and management;
- c. Scrutinize the performance of management in meeting agreed goals and Objectives and monitor the reporting of performance;
- d. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e. Safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. Balance the conflicting interest of the stakeholders;

- g. 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;
- h. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**Duties:**

The independent directors 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 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. 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:**

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 fulfils the conditions specified in the Act and the rules made there under and that the proposed director is independent of the management.
4. The appointment of independent directors shall be formalised 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.

**Re- appointment:**

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

### **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 three months from the date of such resignation or removal, as the case may be.
3. 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:**

- (1) 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;
- (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.

### **Evaluation mechanism:**

The evaluation of independent directors shall be done by the entire board of directors which shall include

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- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

- (1) 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.

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