

# **ADHUNIK INDUSTRIES LIMITED**

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

This Code of Conduct shall be applicable to all Board Members and Senior Management Executives of the Company. The code shall come into force with effect from the 1<sup>st</sup> day of September, 2010.

### ***Philosophy***

Knowledge, Commitment, Transparency and Partnership form part of the core beliefs of all activities at Adhunik Industries Ltd (hereinafter referred to as 'the Company'), which has been the continuing basis of its growth and all-round development. The Company has a strong commitment to professionalism and a healthy way of doing business in a competitive environment operating out of healthy business and personal attitudes. This Code of Conduct or the Code defines what the Company expects from its business and personnel regardless of the location or their background. We recognize society as an important stakeholder in this enterprise and therefore it is part of our responsibility to practice good corporate citizenship.

The Board of Directors of the Company wishes to document a Code of Conduct for all directors and as well as for all senior management executives.

The Company urges all its Directors and Members of Senior Management team to be thoroughly familiar with the contents of this Code of Conduct (hereinafter referred to simply as the "Code") and to use it as a guideline in the performance of their responsibilities for the Company. The Company encourages its Executive Directors and Members of Senior Management team to seek assistance from the Compliance Officer when a question or concern arises with respect to any matter addressed to in this Code.

The Code is intended to focus on the Board members on areas of ethical risk, integrity and honesty, providing guidance to help them recognize and deal with an ethical issues; mechanism to report unethical / dishonest conducts and help foster a culture of honesty, integrity and accountability.

### ***Applicability***

- 1) All Directors of the Company, whether executive or non-executive including nominee directors;
- 2) All members of the Senior Management team.

Adopted by the Board of Directors of the Company at its meeting on 1<sup>st</sup> day of September, 2010.

## THE CODE

### **Acknowledgement of receipt and Affirmation of compliance with the Code**

All the board members and the senior management team shall furnish to the compliance officer, their acknowledgement of the receipt of the code in the format prescribed under Appendix I to this code and shall within 15 days of close of every financial year affirm compliance with the code in the format prescribed under Appendix II to this code.

The Code is divided into Five sections each of which contains specific guidance with respect to each Executive Director's and Members of Senior Management team's expected conduct in relation to discharge of his/her onerous responsibility as an employee of the Company.

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## **I. CONFLICT OF INTEREST**

A conflict of interest situation would be deemed to have arisen, when personal interest of the Directors and Members of Senior Management team (including members of their immediate family) is perceived to be inconsistent with or is in conflict with the business interest of the Company. Conflicts may also arise if a Director / Senior Manager or an immediate family member of a Director / Senior Manager is affiliated with or has a personal interest in an entity that is significantly and disproportionately impacted by a decision of the Board of the Company. For the purpose of this code the term 'immediate family' would include the Director's or Members of Senior Management teams's spouse, minor children, any other relative or person who lives in their home and their business partners.

One should avoid such conflict of interest with the Company. However, in case such a situation arises, he shall, on becoming aware of the same, make full and true disclosure of all facts and circumstances thereof to the Company. Some of the situations wherein a conflict of interest may be deemed to have arisen are elucidated below:

**a) *Pecuniary benefit***

Where one's conduct is likely to confer a pecuniary benefit to oneself or in favour of any relative(s) or in favour of any company, body corporate or firm where one or one's relative is an employee, member, director or partner.

**b) *Related Party Transactions***

Where one enters into transaction(s)/arrangement(s) (directly or indirectly through relatives) with companies, bodies corporate or firms, for personal gain, which may conflict with the business interest of the Company.

**c) *Corporate Opportunities***

Where one uses and/or exploits for personal gain, opportunities that rightly belong to the Company or are discovered through the use of one's position or through the Company's image, property or information.

**d) *Outside directorships***

It is a conflict of interest to serve as a director of any company that competes with the Company. Directors/ Senior Management must first obtain approval from the Company's Board/Managing Director before accepting a directorship.

**e) *Employment/Outside Employment:***

With regard to the employment with the Company, the executives are expected to devote their full attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with their employment with the Company. Additionally, they must disclose to the Company's Board/Managing Director, any interest that they have that may conflict with the business of the Company.

**f) *Gifts and Gratuities***

Directors and Members of Senior Management team of the Company, including members of their immediate families, shall not request or accept any gift, rebate, kick-back, compensation or remuneration of any kind (whether in the form of cash, property, services or payment of expenses) from any organization or individual which has business

association or competes with the Company, or from any organization or individual with which the Company does or is likely to do business.

This prohibition shall not apply to routine two-way exchanges of normal business courtesies, which might reasonably be expected to be exchanged in the ordinary course of business. The Directors and Members of Senior Management team shall not accept any particular gift or entertainment of extravagant nature which in the eyes of a disinterested party may seem to be extravagant enough to affect their judgment.

The issue of gifts and gratuities also has significant legal implications when the government/governmental agencies, either within or outside India, are involved and serious consequences can result from mishandling these relationships. The Directors and Members of Senior Management team shall be extra cautious while dealing with such agencies or persons as the situation may compromise with Directors' / Senior Manager's own position as a responsible Executive of the Company.

## **II. CONDUCT OF BUSINESS, RECORDS, PRACTICES, PROPERTY AND ADHERENCE TO LAW**

### ***a) Conduct of Business***

The Board Members and the Senior Management team shall conduct the Company's business in an efficient and transparent manner and in meeting its obligations to shareholders and other stakeholders.

The Board Members and the Senior Management team shall not be involved in any activity that would have any adverse effect on the objectives of the Company or against national interest. The corporate objectives to be pursued shall be to sustain the competitive edge of the company and not to indulge in any activity which is detrimental to the society at large.

### ***b) Record keeping***

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the matters to which they relate and must conform both to applicable legal requirements and to the Company's system of internal controls. All assets of the Company must be carefully and properly accounted for. The making of false or misleading records or documentation is strictly prohibited. Unrecorded funds or assets should not be maintained.

The Company complies with all laws and regulations regarding the preservation of records. Records should be retained or destroyed only in accordance with the Company's document retention policies. Any questions about these policies should be directed to the Board of Directors.

### ***c) Company Funds and Property***

The Executive Directors and Members of Senior Management team shall ensure that any property of the Company under their control shall not be used for personal benefit, sold, loaned, given away or otherwise disposed of, regardless of its condition or value, without proper authorization.

**d) Adherence to applicable Law**

All Board Members and Senior Management must comply with applicable laws of the country and the state in all matters and in the case of matters external to India, in a manner as may be directed by the Board or the Compliance Officer. If any law is in conflict with this Code, the law shall prevail.

**e) Compensation and Disclosures**

The fees and compensation payable to the Board Members (both executive and non-executive) shall be fixed in accordance with the approvals as per the applicable provisions of law and the same will be fully disclosed in the Annual Report to the Members.

**f) Protection & Proper use of Company's Assets & Resources:**

Company's assets including its intellectual property must be safe guarded against any damage, waste, theft, illegal or unlawful use. The Directors and the Senior Management must take all reasonable steps to ensure the same. Further they must ensure that equipment/ facilities/ amenities provided to him/her by the Company for discharge of his/her duties in terms of his employment are used with proper care and diligence and return the possession thereof upon his /her resignation, termination or retirement from the services of the Company, as the case may be.

### **III. CONFIDENTIAL INFORMATION**

**a) Confidentiality:**

(i) The Directors and Senior Management must ensure that:

Proprietary information and trade secrets belonging to the Company, including any information concerning pricing, products and services that are being developed, internal system designs and other such trade secrets are held in strict confidence and due care is exercised to avoid inadvertent and inappropriate disclosure. Such information shall be used in the manner as required or mandated and as a part of the duties assigned and not for personal gain.

(ii) Ensure that all other personal and financial information relating to the customers, associates and stakeholders of the Company is accessed, used and disclosed in accordance with the policies, systems and controls laid down by the Company, from time to time.

(iii) Directors and Senior Management personnel must maintain the confidentiality of information entrusted to them by the Company or its associates, except when disclosure is authorized or legally mandated. This obligation to protect confidential information does not end when an employee or director leaves the Company. Any questions about whether information is confidential should be directed to the Board of Directors.

**b) Securities Trading Policy**

The Board Members and the Senior Management team shall comply with the Code of Internal Procedures and conduct for prevention of Insider Trading in dealing with securities of the Company.

The Company has a securities trading policy and all employees and directors must sign a certification acknowledging that they have reviewed this policy and agree to be bound by its terms. This policy, among other things, provides that employees and directors may not buy or sell shares of the Company when they are in possession of material, non-public information. They also are prohibited from passing on such information to others who might make an investment decision based on it.

As the Company's securities are listed, the Company is committed to comply with securities laws in all jurisdiction in which its securities are listed. All Board Members and Senior Management executives shall submit within fifteen days of the end of every financial year a certificate confirming their adherence to the Insider Trading Regulations as approved by the Board.

Examples of material information include, but are not limited to:

- Financial and business data;
- Award or cancellation of a major contract
- Gain or loss of a substantial customer or supplier;
- Change in Senior Management personnel;
- Merger, acquisition or diversification information or developments
- Financial/business restructuring plans
- Forecasts of financial results; and
- Significant litigation.

For additional guidance regarding policies and procedures relating to trading in Company securities, employees should consult the Compliance Officer.

**c) *Media Disclosure***

All Members of Senior Management team shall politely refer all media representatives to the Managing Director of the Company and shall refrain from answering to any queries from the persons of media regarding various aspects related to the Company.

**IV. COMPLIANCE WITH THE CODE:**

**a) *Responsibility for Compliance***

Compliance with this code, both in letter and in spirit, shall be the foundation on which this Company's ethical standards shall be built in the time to come. Members of the management assume a special obligation for their own awareness and the effective communication of this Code to other employees who report to them. This Code will be distributed to each new employee of the Company upon commencement of his or her employment. Managers and supervisors are encouraged to maintain an open-door policy in responding to questions regarding this Code. Frequent discussion of ethical issues, both informally and formally, is a sign of good corporate practice. These responsibilities of the employees cannot be delegated.

**b) Action in case of violations**

Employees and directors who violate this Code may be subject to disciplinary action, up to and including discharge. Senior Management employees and Directors who have knowledge of a violation and fail to move promptly to report or correct it and Senior Management employees and Directors who direct or approve violations may also be subject to disciplinary action up to and including discharge.

Furthermore, violation of some provisions of this Code is illegal and may subject the employee or Director to civil and criminal liability.

**c) Queries**

Any Executive Director or Members of Senior Management team having any query regarding the best course of action in a particular situation should promptly contact the Compliance Officer for a suitable counseling. The discussion with the Compliance Officer may concern the queries employee's activities or activities of others and may involve apparent conflicts between such employee's specifically assigned responsibility and the standards set in this code.

**V. Amendment to the Code**

We are committed to continuously reviewing and updating our policies and procedures to meet the requirements of any relevant statute or the business interest of the Company. Therefore, this Code is subject to modification. Any amendment or waiver of any provision of this Code shall be minuted in a meeting of the Company's Board of Directors and promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of amendment or waiver.

**Compliance Officer**

Company Secretary of the Company shall be the Compliance Officer for the purpose of this Code.

**Insertion of the Code in website**

As required by clause 49 of the listing agreement this Code and any amendments thereto shall be posted on the website of the Company.

For & On behalf of  
The Board of Directors of  
Adhunik Industries Limited

Sd/-  
Jugal Kishore Agarwal  
Managing Director

**ADHUNIK INDUSTRIES LIMITED**

**CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

**ACKNOWLEDGEMENT FORM**

I, ....., have received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT" ("this Code"). I have understood the provisions and policies contained in this Code and I agree to comply with this code.

Signature : .....

Name : .....

Designation : .....

Date : .....

Place : .....



**ADHUNIK INDUSTRIES LIMITED**

**CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

**ANNUAL COMPLIANCE REPORT\***

To,  
The Company Secretary  
Adhunik Industries Limited  
14, Netaji Subhas Road, 2nd Floor,  
Kolkata – 700 001.

Dear Sir/Madam,

I, ..... do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT during the financial year ended ..... 20\_\_ and I am not aware of nor I am a party to any non-compliance with the said Code.

Signature:.....

Name: .....

Designation: .....

Date: .....

Place: .....

\* To be submitted by 15th April each year.

\*\* This declaration shall be valid for the Financial Year \_\_\_\_\_.