

## **RUPA & COMPANY LIMITED**

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

#### **GENESIS**

The revised Clause 49 of the Listing Agreement pertaining to Corporate Governance effective from 29<sup>th</sup> October, 2004 which has been intimated by the Calcutta Stock Exchange Association Ltd vide its Circular dated 28.01.2005 prescribes that the Board of Directors shall lay down a Code of Conduct for all Board Members and Senior Management of the Company. This Code of Conduct shall be posted on the website of the Company.

All Board members and senior management personnel shall affirm compliance with the Code on an annual basis. The Annual Report of the Company shall contain a declaration to this effect signed by the CEO i.e Managing Director.

The term 'Senior Management' shall mean personnel of the Company who are members of the core team excluding Board of Directors. Normally this would comprise of all members of management one level below the Executive Director, including all functional heads. Such as Accounts & Finance Head, Sales Head, Branch Head, Production Head, Company Secretary such other similar personnel.

#### **INTRODUCTION**

The Board of Directors is vested with all powers of management of the affairs of the Company. The Board thus becomes the working organ of the Company. The Directors alone are exclusively empowered to manage the affairs of the Company. Even the shareholders, who appoint them, cannot interfere in their domain of power.

The contribution of directors on the Board of a Company in providing leadership, vision, strategy, monitoring, supervision and accountability towards the various stakeholders of the Company, with a view to achieving greater levels of performance on a sustained basis as well as adherence to the best practices of Corporate Governance, has been phenomenal.

The Senior Management constantly interacts with the Board of directors and is primarily responsible for executing and translating into reality the plans, policies and programmes laid down by the Board and for achieving the targeted objectives.

#### **NEED FOR A CODE OF CONDUCT**

In view of the fiduciary position that Directors hold in a Company vis-à-vis their rights and duties and increased emphasis being laid on the

independence of Directors, their integrity, accountability and transparency in governance, it is imperative that a Code of Conduct be formulated for Directors as well as Senior Management of the Company.

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.

## **SPHERE OF APPLICATION**

Through the operation of this Code, **RUPA & COMPANY LIMITED** (the ‘Company’) shall strive to set goals for attaining the highest standards of good governance, meticulously pursue them and shall endeavour to maximize value for the customers, shareholders, employees and all other stakeholders and last but not the least the government. The Code shall be applicable to

- a) All Directors of the Company and its present subsidiary companies, whether executive or non-executive including nominee directors.
- b) All Senior Management Executives.
- c) All Executives of the Company, reporting directly to the Chairman/ Vice-Chairman/Managing Director and Executive Director.

## **APPROPRIATE AUTHORITY**

For employees of the Company, ‘Appropriate Authority’ shall mean the designated reporting authority of the executive, or the Managing Director/Executive Director of the Company. In case of members of the Board, the appropriate authority shall be the board of Directors and in exceptional cases, the Chairman or Vice-Chairman of the Board.

## **THE CODE**

All Directors and Senior Management Executives shall undertake to observe the following:-

### **1) ETHICAL CONDUCT**

Directors/Senior Management shall deal on behalf of the Company with professionalism, honesty, integrity as well as high moral and ethical standards. Such conduct shall be fair, ethical and transparent enough to be perceived as such by others. All Directors/Senior Management Executives shall strive to ensure complete implementation of and adherence to the Code in an utmost professional manner.

### **2) GOOD GOVERNANCE**

- i) The Chairman for the meeting of the Board/Committee and General Meeting would have to ensure, before transacting any business, that meetings are duly convened and held in accordance with the Companies Act, 1956, rules and regulations and other applicable guidelines, or any other law for the time being in force and applicable to the Company.
- ii) The Chairman should conduct the proceedings of the meeting and ensure that all items of business as have been set out in the Agenda are transacted in a proper manner. The chairman should encourage deliberations and active participation of all the Directors present in the meeting.
- iii) A Director who is interested in a particular contract must disclose his interest at the Board Meeting held first after he has become interested and must therefore abstain from participating in that particular business and from voting in the resolution. Where Chairman himself is interested in any item of business, he should entrust the conduct of the proceedings in respect of that item to any other disinterested director and resume the Chair only after that item of business has been transacted.
- iv) As section 274(1)(g) shall disqualify a director from accepting appointment as a Director in any of the public company as per the applicable provisions, it is duty cast upon the director to disclose to the company which invites him on the Board the fact of his disqualification. Similarly, it shall be the duty of the Company Secretary to bring to the notice of the Directors in advance instances of non-compliance by the Company which would attract the provisions laid down in the said section.
- v) Independent Directors would have to act as 'Observers' while attending to meetings between management and shareholders, in order to develop a balanced understanding

of shareholders concerns. However it is the Chairman of the meeting who would ensure that their views are communicated and necessary action, if any, is taken.

**3) EMPHASISING DILIGENCE**

Independent Directors would have to ensure that they have the requisite time to adequately discharge their duties and responsibilities. Further, they would have to disclose to the Board of the Company the changes/alterations in their originally declared particulars.

**4) TRANSPARENCY**

The Directors/Executives would manage the affairs of the Company with better accountability to shareholders and achieve transparency of operations with disclosure of both financial and non-financial data through annual and other and other periodical reports. Applicable Accounting Standards would have to be followed in preparation of Accounts so that true and fair view of the affairs of the Company can be ascertained.

**5) EXECUTIVE DIRECTOR**

The Executive Director of the Company, by whatever name called, shall be required to devote all or a substantial part of his time to the business of the Company. His responsibilities, in law, and in reality as well, are greater than the other directors.

**6) RELIANCE ON CO-DIRECTORS AND EXECUTIVES**

A director shall be entitled to rely on his fellow directors and Executives of the Company for information which would enable him to put himself in a position of trust for the express purpose of attending to the details of management. A Director may also rely on the opinions of an outside expert.

**7) OVERALL SUPERVISION AND CONTROL**

The overall management is entrusted to all of the Directors jointly, and therefore the Board shall exercise some degree of supervision over the Managing/Executive Director and other Executives of the Company to whom they delegate powers. Directors must question and keep a proper control over what is going on.

**8) CORDIAL RELATIONS**

The Directors and Employees of the Company should make all efforts to establish cordial relationships with all stakeholders of the Company with whom they interface while carrying out their duties for the Company and must try to make positive contributions to the communities in which they perform such duties.

## **9) HEALTH, SAFETY & ENVIRONMENT**

The Company strives to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. The Company is committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, use and disposal of any of the intermediaries or direct materials used in its product and service offerings on the ecological environment.

## **10) 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.

## **11) SHARING OF INFORMATION**

Any information concerning the Company's business, its customers, suppliers, etc. to which the Directors or the employees have access or which is possessed by the Directors and the employees, must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless

1. authorised by the Board; or
2. the same is part of the public domain at the time of disclosure; or
3. is required to be disclosed in accordance with applicable laws

## **12) FAIR DEALING**

Each Director and Employee of the Company shall endeavour to deal fairly with the Company's customers, suppliers, dealers, investors and competitors. No Director or Employee of the Company should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

## **13) DUTY OF CONFIDENTIALITY**

The Company's confidential information is a valuable asset. The Company's confidential information includes product information, product plans and list of customers, dealers and Employees and financial information. All confidential information must be used for Company's business purpose only. Every Director and Employee must safeguard confidential information acquired during their

association with the Company. *Confidential information, includes all non-public information that might be of use to competitors, or harmful to the Company, if disclosed.*

The Directors and Employees of the Company must maintain confidentiality of the information and shall not use confidential knowledge for their direct or indirect personal advantage or for the advantage of any other entity in which they have a direct or indirect interest.

#### **14) CONFLICT OF INTEREST**

Directors and each Employee of the Company should endeavour to avoid any conflict of interests with the Company. The Directors and each Employee of the Company must not allow personal interest to conflict with the interest of the Company or to come in the way of discharge of duties of office. They should not engage in a business, commercial relationship or commercial activity with anyone who is a party to transaction(s) with the Company. Similarly they should not derive a personal benefit or a benefit to any of their relatives by making or influencing decisions relating to any transaction(s). The Directors and each Employee of the Company should act in good faith, responsibly, with due care, competence and diligence. They should abstain from discussions, voting or otherwise influencing decisions on any matter that may come before the Board in which they may have a conflict or potential conflict of interest.

#### **15) DUTY NOT TO MISAPPLY COMPANY'S ASSETS**

All Directors and Employees of the Company should protect the Company's assets from theft, carelessness, and waste which will have direct impact on the Company's profitability and to ensure their efficient use and restrain from using the Company's property or position for personal gain.

#### **16) UNDUE FAVOURS**

The Company, its Directors and Employees shall neither receive nor offer or make directly/indirectly any illegal payments, gifts, donations or any benefits which are intended to obtain business or unethical favours. However, the Directors or Employees may receive such nominal gifts which are customary in nature or are associated with festivals.

#### **17) INTERACTION WITH MEDIA**

To facilitate the achievement of the Company's vision and business plans, it is necessary to communicate the policies, plans and

accomplishments in the most effective manner through the media to our investors, customers, existing and potential, other stakeholders and to the community at large.

All statements made to the media on behalf of the Company should be true and fair. Only persons duly authorised by the Management are allowed to interact with media on specified subjects. Disclosures of any information other than statutory disclosures or those specifically authorised by the Management is prohibited.

Disclosure of information on proceedings of board meetings/committee meetings/internal meetings, and disclosure of forward-looking statements is prohibited. In case any such disclosure has to be made it has to be approved by the Management and shall be combined with cautionary statements, wherever required.

Directors/Management Personnel shall not disclose non public information selectively to any particular group as it may lead to unfair advantage / discrimination.

## **18) 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 are 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.

**19) 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.