

# APAR INDUSTRIES LIMITED

## CODE OF CONDUCT

*(Pursuant to the requirement of Corporate Governance Code)*

### **“Responding Responsibly”**

The driving force behind the Company’s management is **“Tomorrow’s Progress Today”** and backed by **“A culture of High - Tech and Quality”**. Apar’s quality policy for ISO-9001 is **“To satisfy customer needs and retain leadership by manufacturing and supplying quality products and services through continuous improvement by motivated employees”**.

**Apar Industries Limited (APAR)** is committed to this Code of Conduct enunciated by the Board of Directors.

All employees and directors of the Company are expected to adhere to the following tenets of the code. Summary of duties of Directors (including Independent Directors) under Section 166 of the Companies Act, 2013 is annexed herewith as required under Clause 49 of the Listing Agreement of the Stock Exchanges :

#### ➤ **National Interest :**

APAR shall try and strive in its actions to benefit the economic development of States and Union Territories of India, in which it operates, and will try and avoid to engage in activities that could adversely affect such objectives.

APAR shall try and conduct its business affairs in accordance with the economic development and foreign policies, objectives and priorities of the nation's government and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level as appropriate.

#### ➤ **Financial Reporting and Records :**

APAR shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the Country in which the Company conducts its business affairs.

Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to Company auditors – Statutory as well as Internal and other authorised parties and government agencies. There shall be no willful omissions of any Company transactions from the books and records, no advance income recognition and no hidden bank account and funds.

Any willful or intentional material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of the code, apart from inviting appropriate civil or criminal action under the relevant laws.

➤ **Competition :**

APAR shall strive for fair trade practices in all the markets that it operates in.

APAR shall market its products and services on its own merits and shall not make unfair and misleading statements about competitors' products and services.

➤ **Equal-Opportunities to Employees :**

APAR shall provide equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, color, ancestry, marital status, sex, age, nationality, disability and veteran status.

Employees of APAR shall be treated with dignity and in accordance with the policy to maintain a work environment free of sexual harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner that would ensure that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

➤ **Ethical Conduct :**

APAR and its employees shall carry out all transactions with professionalism, honesty and integrity. They will not accept directly or indirectly, any illegal payments, remuneration or comparable benefits which are intended to or perceived to obtain business or un-competitive favors. However, APAR and its employees may accept and offer nominal gifts, which are customarily given and are of commemorative nature for special events.

➤ **Political Non-alignment :**

APAR shall be committed to and support a functioning of democratic constitution and system with a transparent and fair electoral system in India. APAR shall not support directly or indirectly any specific political party or candidate for political office. The Company shall not offer or give any Company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

➤ **Health, Safety and Environment :**

APAR shall strive 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. APAR shall be committed to prevent the wasteful use of natural resources and minimise any hazardous impact of the development, production, use and disposal of any products and services on the ecological environment.

➤ **Corporate Citizenship :**

APAR shall be committed to be a good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the

quality of life of the less fortunate sections of this society through sponsorship of social welfare, education and other programs.

➤ **Public Representation of the Company :**

APAR honours the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing Company and business information to public constituencies such as the media, the financial community, employees and shareholders, APAR shall be represented only by specifically authorised directors and employees.

➤ **Third-party representation :**

Parties which have business dealings with the Company but are not members of the group such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc. shall not be authorised to represent APAR, if their business conduct and ethics are known to be inconsistent with the code.

➤ **Shareholders :**

APAR shall be committed to enhance shareholders' value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors of APAR shall duly and fairly inform its shareholders about all relevant aspects of the Company's business and disclose such information in accordance with the respective regulations and agreements.

➤ **Regulatory Compliance :**

Every employee of APAR shall, in his business conduct, comply with all applicable laws and regulations, both in letter and in spirit, where he operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the code then the standards of the code shall prevail.

➤ **Concurrent Employment :**

An employee of APAR shall not, without the prior approval of the Managing Director of the Company, accept employment or a position of responsibility (such as a consultant or a director) with any other Company, nor provide 'freelance' services to anyone. In the case of a Whole-time Director or the Managing Director such prior approval must be obtained from the Board of Directors of the Company.

➤ **Conflict of Interest :**

An employee of APAR shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of the Company. A conflict of interest, actual or potential, may arise where, directly or indirectly,

- (a) an employee of APAR engages in a business, relationship or activity with any one who is party to a transaction with his Company;

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- (b) an employee is in a position to derive a personal benefit or a benefit to any of his relatives by making or influencing decisions relating to any transaction, and
- (c) an independent judgement of the Company's or group's best interest cannot be exercised.

The main areas of such actual or potential conflicts of interest would include the following :

- (i) Financial interest of an employee of APAR or his relatives including the holding of an investment in the subscribed share capital of any Company or a share in any firm, which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the APAR. (The ownership of up to 1% of the subscribed share capital of a publicly held Company shall not ordinarily constitute a financial interest for this purpose.)
- (ii) An employee of APAR conducting business on behalf of his Company or being in a position to influence a decision with regard to his Company's business with a supplier or customer of which his relative is a principal, officer or representative, resulting in a benefit to him or his relative.
- (iii) Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee of APAR where such an individual is in a position to influence the decision with regard to such benefits.
- (iv) Acceptance of gifts, donations, hospitality and / or entertainment beyond the customary level from the existing or potential suppliers, customers or other third parties which have business dealings with the Company.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the Company's management. It is also incumbent upon every employee to make a full disclosure of any interest which the employee or the employee's immediate family, which would include parents, spouse and children, may have in a Company or firm which is a supplier, customer or has other business dealings with his Company.

If an employee fails to make a disclosure as required herein and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee, the management would take a view of the matter and consider suitable disciplinary action against the employee.

➤ **Securities Transactions and Confidential Information :**

An employee of APAR and his immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company or the group, which is not in the public domain and thus constitutes insider information.

An employee of APAR shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of APAR on which insider information has been obtained.

Insider information might include the following :-

- (i) acquisition and divestiture of businesses or business units;
- (ii) financial information such as sales turnover, profits, earnings and dividends;
- (iii) announcement of new product introductions or developments;
- (iv) asset revaluations, investment decisions / plans, restructuring plans;
- (v) major supply and delivery agreements, raising finances.

The designated employees under the Code on Insider Trading shall adhere strictly to the code formulated by the Board of Directors under the SEBI (Insider Trading) Regulations.

➤ **Protecting the Company's Assets :**

The assets of APAR should not be misused but employed for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

➤ **Citizenship :**

An employee of APAR shall in his private life be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interests of the Company or the group.

➤ **Integrity of Data Furnished :**

Every employee of APAR shall ensure, at all times, the integrity of data or information furnished by him to the Company.

➤ **Reporting Concerns :**

Every employee of APAR shall promptly report to the management any actual or possible violation of the code or an event he becomes aware of that could affect the business or reputation of his or APAR.

**Date : 14<sup>th</sup> May, 2015.**

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**Summary of Duties of Directors (Including Independent Directors) under  
Section 166 of Companies Act, 2013.**

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- (1) Subject to the provisions of this Act, a Director of a company shall act in accordance with the Articles of the company.
- (2) A Director of a Company shall act 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, the community and for the protection of environment.
- (3) A Director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A Director of a Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- (5) A Director of a Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
- (6) A Director of a Company shall not assign his office and any assignment so made shall be void.
- (7) If a Director of the Company contravenes the provisions of this section such Director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

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