

## CODE OF CONDUCT AND ETHICS

### **Introduction:**

Prabhat Dairy Limited ('The Company') considers Corporate Governance and ethics as an integral part of good management. The Company has adopted this Code of Conduct & Ethics ('the Code').

This Code is applicable to the Board of Directors and all Employees of the Company. The members of the Board of Directors and the members of the Senior Management of the Company are additionally required to affirm annual compliance of this code. For the purpose of this Code, 'Senior Management' would comprise members of the management one level below the Board of Directors, including all functional heads.

This Code requires the Directors and Employees of the Company to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner and not to allow their independent judgement to be subordinated and to exercise due care and diligence in performance of their duties and also to act within the authority conferred upon them. Directors and Employees are expected to act in the best interest of the Company and in a manner to enhance and maintain the reputation of the Company.

The principles set forth in this Code are guiding in nature. The Directors and Employees may contact the Compliance Officer or the Chief Financial Officer (CFO) for assistance in interpreting the requirements of this Code.

Each Director and Employee must comply with the letter and spirit of this Code

### **Compliance with Law:**

Directors and Employees of the Company must respect and comply with all laws, rules and regulations of India and other countries in which the Company conducts its business. They should strive to keep themselves updated in relation to laws/statutory compliances applicable to their scope of work.

### **Ethical Conduct:**

Directors and Employees of the Company must help to create and maintain a culture of high ethical and professional standards. They are also expected to:

- Conduct business operations in compliance with competition laws and principles of fair market competition.
- Not to conduct own selves in a manner as may bring disrepute to office or tarnish the reputation and image of the Company.

### **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.

**Duties of Independent Directors:**

The independent directors shall -

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 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;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the company;
- 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;
- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 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;
- 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;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

- 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.

**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.

**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.

**Gifts and Business Entertainment:**

The Directors and each Employee of the Company are prohibited from receiving, soliciting or offering any illegal or undue pecuniary or other advantage, (e.g. payments, remuneration, gifts, donation, hospitality) which are intended to obtain any improper business advantage. Directors and Employees of the Company may however, honour, accept and offer nominal gifts which are given customarily and are of a commemorative nature.

**Corporate Opportunity:**

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

The Directors and Employees of the Company are prohibited from:

- taking for themselves personally any opportunity that particularly belongs to the Company or is discovered through the use of corporate property, information, or position;
- using corporate property, information, or position for personal gain; and
- competing with the Company.

**Equal Opportunity:**

The Company provides equal opportunities to all Employees and aspirants for employment in the Company irrespective of gender, caste, religion, race or colour, merit being the sole differentiating factor.

If a Director or an Employee reasonably believes that a contemplated transaction might be a corporate opportunity or a competitive transaction, the Director or Employee should make full disclosure of such transaction to the entire Board through the Managing Director and / or Chief Financial Officer and / or Compliance Officer and seek Board's authorisation to pursue such transaction.

**Workplace Free of Harrasment:**

The Company believes in maintaining dignity of human being irrespective of the race, religion, creed, color or designation. The Company is committed to provide a work environment free of harassment. The Company policy prohibits sexual harassment and harassment based on race, religious creed, colour, national origin or ancestry, physical or mental disability, medical condition, marital status, age, or any other basis protected by, state, or local law or ordinance or regulation from time to time.

The Directors and each Employee shall maintain a work environment free from sexual harassment, whether physical, verbal or psychological. Disciplinary action shall be taken against any Director / Employee found in breach of this Code, which may include civil or criminal prosecution before competent Court of Law. Directors and Employees shall in addition to this 'Code' also adhere to the Company's Sexual Harassment Policy.

**Corporate Social Responsibility, Health and Safety:**

The Company recognizes its social responsibilities and aims at enhancing the quality of life of its workforce and their families. The Company pursues a clear policy dealing with employment practices, health and safety of its Employees. The Company provides working conditions, which are safe and healthy.

**Environmental Protection:**

The Company strives to preserve the environment by striking a balance between economic growth and preservation of the environment with due concern for ecology.

**Email and Internet:**

The Company provides email and internet facilities for the purpose of the Company's business. Posting and disseminating Company's information and data on Internet or voice mail or on private networks except for business exigencies is prohibited. The use of Internet facilities for accessing unauthorised, immoral websites from the computers provided by the Company is barred.

**Use of Licensed Software:**

The Software used on the Company's equipment(s) must be licensed and legal software. The use of unlicensed software on the Company's equipment(s) is prohibited.

**Protection and Proper Use of 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.

**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.

**Encouraging the Reporting of Illegal and Unethical Behaviour:**

The Company endeavours to ensure that it:

- encourages Employees to talk to their superiors and other appropriate personnel when in doubt about the best course of action in a particular situation;
- encourages Employees to report violation of laws, rules, regulations or the Company's Code of Conduct to appropriate personnel;
- provides a mechanism in the form of a drop box where wherein actual or possible violation of the 'Code' can be reported by the Employee who do not intend to identify himself / herself;
- alternatively any Employee can make a protected disclosure addressed to the General Manager – HR and / or the Chairman and Managing Director of the Company of the actual or possible violation of the 'Code' with a reasonable evidence to conclude that a violation is possible or has taken place with a covering letter which shall bear the identity of the reporting employee;
- an Ethics Committee comprising the Chairman & Managing Director, Joint Managing Director, Chief Financial Officer, Compliance Officer and General Manager – HR will investigate the matter and place a Report before the next Audit Committee meeting for appropriate action; and
- assure Employees that the Company will not allow retaliation for reports made in good faith.

**Accuracy of Financial Records:**

To ensure that all documents are accurate, timely and are properly authorised. Financial records are to be maintained in compliance with applicable accounting and financial reporting standards as applicable to the Company.

The Wholetime Director(s) and each Employee shall ensure that the Company's financial information furnished to the Government/Regulators/Financial Institutions are authentic and accurate.

**Concurrent Employment:**

The Wholetime Director(s) and Employees of the Company shall not accept employment or an office of responsibility or profit (such as a consultant or a director) with any other company nor provide 'freelance' services.

**Insider Trading:**

Insider Trading is prohibited by both Law as well as by the Company's policy.

Directors and their relatives as also Employees of the Company and their '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, which is not in the public domain and thus constitute insider information. Insider Trading invokes severe penalties under the Regulations issued in India under the Securities and Exchange Board of India (SEBI) Act, 1992. "Price sensitive information" is an information, which relates directly or indirectly to a Company and which, if published, is likely to materially affect the price of Securities of a Company. It is important to note that both positive and negative information could be price sensitive.

Such price sensitive information might include but is not limited to the following:

- Financial information such as profits, earnings and dividends;
- Announcement of new products, developments, etc.;
- Assets revaluation;
- Investment decisions/plan(s);
- Restructuring plans;
- Raising finances;
- Major supplies and delivery agreements; and
- Acquisition/disinvestments of business(es) or units, etc.

The purpose of this policy is both to inform of the legal responsibilities and to make clear to the Directors and Employees of the Company that the misuse of sensitive information is contrary to Company's policy and applicable securities regulation laws of India.

Further information on insider trading is outlined in 'Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders'



### **Administration and Waiver:**

This Code can be found on the Company's website at <http://www.prabhatfresh.com>.

Waiver of any provision of this Code for Director or any Employee of the Company may be granted only by the Board of Directors, upon recommendation of the Audit Committee and shall be promptly minuted with the reasons for such actions.

### **Corporate Communications:**

The Company commits itself to open, transparent, impartial and timely information to its shareholders, employees and other stakeholders.

All the communications to the financial analyst community and all inquiries from the press shall be handled only by the Corporate Communications Department or by a person authorised as per the IR Policy of the Company.

### **Monitoring Compliance:**

Each Director and Employee of the Company is expected to monitor his or her personal compliance with this Code.

An annual reaffirmation of compliance with this Code is required for all Directors and all members of the Senior Management. This re-affirmation should be submitted to the Secretarial Department in the month of April in each calendar year. The Board shall determine appropriate actions to be taken in the event of violations of the Code.

### **Review and Modifications:**

Prabhat is committed to continuously reviewing and updating its policies and procedures. Therefore, the Code is subject to modification. This Code may be amended by the Board and also by the Compliance Officer where there is any statutory change necessitating the change in the Code.

### **Outsider's Recourse:**

No outsider will have any right or recourse to any action or claim of whatsoever nature against any of the Directors or Employee(s) of the Company for the non-compliance of this Code of Business Conduct & Ethics.