

CENTURY PLYBOARDS (INDIA) LIMITED

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT EXECUTIVES

As revised and approved by the Board of Directors on 28.01.2016

GENESIS

Regulation 17(5)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

PREAMBLE

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 programs 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 a 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 a part of our responsibility to practice good corporate citizenship

The Board of Directors of the Company wishes to update and adopt a revised 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 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, **CENTURY PLYBOARDS (INDIA) 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, 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.

“Senior Management” shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive Directors, including all functional heads.

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, Rules, 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) It is duty cast upon the Director to disclose to the company which invites him on the Board the fact of his disqualification, if any, in terms of the provisions contained in the Companies Act. 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 disqualify a Director from accepting appointment as Director in any other Company.
- 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

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) DELEGATION

The Board of Directors shall delegate substantial power of management of the affairs of the Company to a Managing Director or two or more of them or to any other Director where there is no Managing Director. The Board shall also delegate specific powers to various Committees as required under the Companies Act, Listing Regulations and any other law that may be applicable to the Company from time to time. Likewise, within the internal management of a Company, the implementation of Board decisions and policy shall be dealt with by the Executives of the Company. A Director shall be liable to the Company if he himself is negligent. He shall be liable also if he himself deliberately does wrong.

8) 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.

9) DUTY NOT TO EXCEED POWERS

It shall be the duty of the Directors to ensure through the mechanism of Memorandum and Articles of Association of Company that not only do they transact Company's business within the Company's powers but also that they keep themselves within the powers actually given to them. If Directors exceed their powers then the Company would be entitled to recover from them for any loss suffered by the Company.

10) EQUALITY

The Directors/Executives shall practice a conduct that promotes equality of gender, class, caste and opportunity and should promote the same values and also exercise their duties in a manner that encourages healthy personal and career growth of the employees of the Company.

11) 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.

12) 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.

13) WHISTLE BLOWER

The Directors/Executives shall not engage in misinformation, disinformation or personal defamation or victimisation of any employee or stakeholder. The Company may establish a mechanism for employees to report to the management, their concerns about unethical behaviours, actual or suspected fraud or violation of the Code of Conduct. The mechanism would then have to ensure, if such a policy is in vogue, to provide for direct access of such employee(s) to the Chairman of the Audit Committee in exceptional cases which would be determined and laid down by the committee whenever the Company chooses to formulate/is required to formulate Whistle Blower Policy.

14) 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.

15) 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

16) 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. Directors would not be personally liable to the Company's creditors to pay off the dues owed by the Company. As a general rule, a creditor is not entitled to proceed against any Director to recover his dues. However, Directors shall be made personally liable if they conduct the business with intent to defraud creditors. Where it is clear that the Company is insolvent, the Directors shall not favour any particular creditor, and would rather treat all creditors equally. The Company shall treat consumer as the King and ensure that goods sold to their customers are of appropriate standards such that they derive total satisfaction and are not deprived of their legitimate rights. The Executives shall further ensure that there is no supply of goods of inappropriate standards to any of its customers which would give rise to unnecessary litigations, consumer complaints and imposition of penalties by the authorities concerned. The Directors' duty would be to act in the best interests of the Company and improving goodwill of the Company. Moreover, Directors must see to it that the Company has an effective system for redressal of consumer grievances.

17) STATUTORY DUTIES

The Companies Act imposes a large number of obligations on the Companies and the Directors are responsible to ensure that these are duly adhered to by the Company. These can be summarized as under:-

- a) Proper maintenance of books and register as prescribed by the Companies Act.
- b) Filing of returns and documents with the Registrar of Companies, Company Law Board, Central Government and High Court within the stipulated time.
- c) Seeking approvals from the Registrar of Companies, Company Law Board, Central Government and such other authorities, as the case may be, on issues which require approvals of these authorities from time to time.

18) DUTY OF CONFIDENTIALITY

The Company's confidential information is a valuable asset. The Company's confidential information includes product information, product plans, financial information and list of customers, dealers and employees. 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.

19) DUTY NOT TO MAKE SECRET PROFITS/ RESORT TO INSIDER TRADING

As part of Director's fiduciary duties, he must not make secret profits out of his positions. For example, if a Director receives information of a potential business opportunity in his capacity as a Director of the Company, he must not use that opportunity for his own purposes. If he does so, then he will be in breach of his fiduciary duty to the Company (since it is the Company's information which he has used) and he will be accountable to the Company for any profit which he makes. This applies equally to the Executives of the Company. The Director and the Executives should therefore strictly adhere to the Company's 'Code of Conduct for Regulating, Monitoring and Reporting of trading by Insiders' and 'Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information' in terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (including any amendment thereto/ re-enactment thereof) and/or any other Rules and Regulations that may govern the same and be applicable to the Company from time to time.

20) 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.

21) 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.

22) COMPANY FACILITIES

No Director, senior management and employee shall misuse Company facilities. Except where such facilities have been provided for personal use either by policy or by specific permission, Company's facilities shall not be used for personal use. Even in their use for Company purposes, care shall be exercised to ensure that costs are reasonable and there is no wastage. Ostentation in Company expenditure shall be avoided.

23) 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/ give such nominal gifts which are customary in nature or are associated with festivals.

24) NOMINEE DIRECTOR'S SPECIAL DUTIES

A nominee Director, who is appointed to represent the interests of a particular shareholder or a group of shareholders or any other interest in the Company e.g. debenture holders, lenders), should also be careful to avoid any conflict of interest.

He is expected to exercise his own judgement as to what will serve the interests of the Company best and he must not put the interests of his appointer above those of the Company itself.

If the nominee Director is expected to undertake a reporting function, advising his appointer in detail of the Company's affairs, he should ensure that the Company is duly apprised of such arrangement and the disclosure of relevant information to the appointer, since a shareholder does not, in the absence of agreement, have any special right of access to information other than under the limited general publicity requirements of the Companies Act.

A nominee Director's main role should be to present the views of the party he represents at the Board level, but he should also retain substantial discretion of his own as to how he exercises his powers at the end of the day and should not place the interests of his appointer above those of the Company.

A nominee Director should also keep in mind that though by contractual arrangement between his appointer and the Company, he may have a special privilege to obtain from the Company information which other Directors or shareholders are not entitled to, such information is not leaked or misused such that the user on the basis of such information indulges in insider trading. Secondly, as noted earlier, the nominee Directors too has the duty of confidentiality.

25) DUTIES OF INDEPENDENT DIRECTORS

The duties of Independent Directors of the Company, as laid down under Schedule IV to the Companies Act, 2013, are incorporated herein pursuant to Regulation 17(5)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It shall be the duty of Independent Directors to:

- ❖ 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 they are a member;

- ❖ participate constructively and actively in the Board Committees in which they are chairpersons or members;
- ❖ strive to attend the general meetings of the Company;
- ❖ ensure, where they have concerns about the running of the Company or a proposed action, that these are addressed by the Board of Directors;
- ❖ 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 Board Committee;
- ❖ 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 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 Code of Conduct;
- ❖ act within their authority and assist in protecting the legitimate interests of the Company, shareholders and its employees;
- ❖ not to disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans and unpublished price sensitive information, unless such disclosure is expressly approved by the Board of Directors or required by law.

26) 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.

27) DIRECTORS RESPONSIBILITY STATEMENT

Companies Act specifies that the Directors would have to ensure through the Executives of the Company that the Board's Report shall include a Director's Responsibility Statement covering the following:-

- ❖ That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ❖ That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- ❖ That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- ❖ That the directors had prepared the annual accounts on a going concern basis;
- ❖ That the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- ❖ That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

28) OTHER DUTIES/RESPONSIBILITIES

The Director/Executives of the Company:

- ❖ Shall not knowingly suppress a material fact, which can be detrimental to the interest of the Company, from the appropriate authority/body.
- ❖ Shall not give any directions, which expose to risk, the health and safety of any person.
- ❖ Shall not make any statement, verify any return or form, containing any particulars, knowing them to be false.
- ❖ Shall not fail to invite the attention of the appropriate authority/body in respect of matters affecting the Company or arising out of professions, any material departure from the generally accepted principles of propriety.
- ❖ No Director or Senior Management Executive of the Company shall engage in any business, relationship or activity which might detrimentally/prejudicially conflict with the interests of the Company.

29) 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 Director/ Senior Management Employee of the Company upon commencement of his or her Directorship/ 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, violations 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 be concerned with the 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.

30) 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.

31) ANNUAL COMPLIANCE REPORTING

It terms of Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel shall affirm compliance of this Code within 15 days of close of every financial year in the proforma enclosed as Appendix I to this Code. The Annual Compliance Report shall be forwarded to the Company Secretary.

32) ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Senior Management Personnel shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form annexed to this Code vide Appendix-II and forward the same to the Company Secretary.

COMPLIANCE OFFICER

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

Appendix-I
Annual Compliance Report*

To:-
The Compliance Officer
Century Plyboards (India) Limited
6, Lyons Range, 1st Floor
Kolkata – 700 001

Dear Sir/Madam,

Ido hereby solemnly affirm to the best of my knowledge and belief that I have, in letter and in spirit, complied with the provisions of the “Code of Conduct for Directors and Senior Management Executives” during the financial year ending 31st March,.....

Signature :.....

Name :.....

Designation:.....

Date :.....

Place :.....

* To be submitted by 15th April each year.

Appendix-II

Acknowledgement Form

I, have received and read the Company’s “Code of Conduct for Directors and Senior Management Executives”. I have understood the provisions and policies contained in this Code and I agree to comply with this code.

Signature :.....

Name :.....

Designation:.....

Date :.....

Place :.....