

## **Code of Conduct for Board Members and Designated Employees (CCBE) of Nirlon Limited (Effective from March 29, 2016)\***

### **I. Background, Introduction of Listing Obligations and Disclosure Requirements (LODR), 2015 by SEBI, Amendment & Adoption of the Code of Conduct**

#### **i. Background**

The Board of Directors ("**the Board**") of Nirlon Limited ("**the Company**" or "**NL**"), adopted the Code of Conduct for Board Members and Designated Employees (**CCBE**) of Nirlon Limited and the same was effective from July 26, 2014.

The Nirlon CCBE was framed in compliance with the provisions of Clause 49 of the Listing Agreement entered into by the Company with the BSE Limited, Mumbai (the Stock Exchange).

#### **ii. Introduction of LODR, 2015 by SEBI**

SEBI introduced LODR, 2015, effective from December 1, 2015. The LODR provides inter alia, various regulations, annexures and schedules, and all listed companies are required to comply with the LODR, 2015.

#### **iii. Amendment to the CCBE**

The LODR, 2015 do provide specific regulation with respect to the CCBE, and hence, the CCBE originally adopted by the Board is required to be amended suitably.

#### **iv. Adoption of the CCBE**

The Directors on March 29, 2016 approved the revised CCBE in compliance with the LODR, 2015.

### **II. Objectives**

1. The CCBE envisages that "**the Board**" and Designated Employees must act within the boundaries of the authority conferred upon them, and with a duty to comply with the requirements of applicable laws, while discharging their duties and responsibilities.
2. The Principles prescribed in CCBE are general in nature, and lay down broad standards of compliance and ethics, as required by Regulation 17 (5) (a) and 26 of the LODR, 2015. The Board and Designated Employees shall also refer to other applicable policies and procedures of the Company for specific instructions and guidelines, which are to be read in conjunction with the CCBE.

### **III. Definitions and Interpretations**

Unless repugnant to the meaning or context thereof, the following expressions, wherever used in this CCBE, shall have the meaning assigned to them below:

- i. **“Board”** shall mean directors on the Board of the Company from time to time;
- ii. **“Relative”** shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013;
- iii. **“Designated Employees / Senior Management”** shall mean personnel of the Company who are Functional Heads excluding the Board of Directors. This would comprise all members of management one level below the Board and up to three levels;
- iv. **“Whole-Time Director”** shall mean a Director who is in the whole time employment of the Company. (i.e. Executive Director);
- v. **“Non-Executive Director”** shall mean Directors who are not in whole time employment of the Company;
- vi. **“SEBI (LODR) Regulations, 2015”/“LODR,2015”** means Listing Obligations and Disclosure Requirements Regulations, 2015 as notified by the Securities and Exchange Board of India on September 02, 2015 effective from December 01, 2015, and any modification and amendment thereto;
- vii. **“Confidential Information”** means any information concerning the Company’s business, its customers and suppliers etc, which is not in public domain and to which only the Board Members and Designated Employees have access; and
- viii. **“Corruption”** means and includes its various forms but often involves the giving of (or offering to give) a financial or other advantage of value to another person, with the intention of inducing that person to act improperly or to reward that person for acting improperly.

### **IV. Applicability**

The CCBE shall be applicable to:

- i. the Board Members; and
- ii. the Designated Employees

### **V. Duties**

The Board Members and Designated Employees shall:

- i. Act in accordance with the highest standard of honesty, ethics, good faith and integrity while working for the Company as well as

while representing the Company, and fulfill their fiduciary obligations without allowing their independence of judgment to be compromised;

- ii. Not involve themselves in making any decision on a subject matter in which a conflict of interest arises or could arise, between their personal interest and the interest of the Company. In the event of apprehending such conflict of interest, the relevant facts shall be disclosed in writing, explaining the circumstances that create or could create the conflicts of interest, to the Board Member(s) for further directions in the matter;
- iii. Not have any personal financial interest in works or contracts awarded by the Company, unless approved by the Board taking note of such interest;
- iv. Not (including his/her relatives/ associates) derive any undue personal benefits or advantage by virtue of his/ her position or relationship with the Company;
- v. Not hold any position(s) or job(s) or engage in any outside business or other interests that adversely affect the performance of duties for the Company. Whole time Directors and Designated Employees are expected to devote their full attention to the business interest of the Company;
- vi. Not exploit for their own personal gain, opportunities that are discovered through Company's business, information or position, unless the opportunity is disclosed fully in writing to the Board;
- vii. Comply with all applicable laws, rules, and regulations of the land both in letter and spirit;
- viii. Comply with the Code of Conduct for Prevention of Insider Trading;
- ix. Not disclose to any person any confidential information unless:-
  - a. authorized to do so by the Board, or
  - b. it is required to be disclosed in accordance with applicable laws;

*It is clarified that the Company may collect, use and process employees' personal data in a fair and lawful manner. Employees should have no expectation of privacy in relation to their use of the information technology systems of the Company, except as required under applicable laws.*

- x. *Not offer / provide extravagant or inappropriate hospitality, gifts or entertainment by the Company to third parties. It is clarified that entertaining clients and business contacts is usual commercial*

practice and can have significant relationship benefits. However, it should not be used as a substitute for business meetings that would ordinarily occur in the workplace. Justification and documentation of the business relationship and purpose of entertainment expenditure is required. The choice of attendees and venue must be appropriate for the business purpose and expected benefits of the event. Gifts and hospitality received or given should be modest in value. Employees should also take care to ensure that no payment or reward is made, received, requested or offered in circumstances where it could be perceived as intended for the purposes of pursuing, encouraging or influencing the performance of an illegal or improper act.

- xi. Facilitate and create an environment which enables the Company to offer an equal opportunity through a process of continuous improvement, to fully integrate equal opportunity into all aspects of its activities. In other words, create an environment which is able to offer recruits and assesses both prospective and current employees fairly and equitably based on their merits and suitability to perform their job duties, and their ability and enthusiasm to meet the Company's expectations of them. The Company will not take into account any attributes unrelated to the requirements of the position.

It is clarified that the Company expects all employees to treat each other with decorum, respect and to foster a culture where business activities are conducted in an atmosphere of dignity and mutual respect. The Company is committed to providing a safe, dignified and non-intimidating work environment free from discrimination, harassment (including sexual harassment), victimisation and bullying and strictly prohibits these behaviours in its workplace. An employee who engages in such conduct may be subject to disciplinary action, up to and including termination of employment.

## **VI. Obligations with respect to Directors and Senior Management/Designated Employees under Regulation 26 of the LODR, 2015**

1. A director shall not be a member in more than ten (10) committees or act as chairperson of more than five (5) committees across all listed entities in which he is a director which shall be determined as follows:
  - (a) the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies; and

companies under Section 8 of the Companies Act, 2013 shall be excluded;

(b) for the purpose of determination of this limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.

2. Every director shall inform the listed entity about the committee positions he or she occupies in other listed entities and notify changes as and when they take place;
3. All members of the Board of Directors and Senior Management personnel shall affirm compliance with the CCBE on an annual basis;
4. Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the listed entity in which they are proposed to be appointed as directors, in the notice to the general meeting called for appointment of such director;
5. Senior Management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

**Explanation-** For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of a listed entity, commercial dealings with bodies which have shareholding of management and their relatives etc.

## **VII. Enforcement of CCBE**

- i. Mr. Jasmin K. Bhavsar, Company Secretary & Vice President (Legal), shall be the Compliance Officer for the purpose of this CCBE;
- ii. Each Board Member and Designated Employees shall be accountable for fully complying with this CCBE;
- iii. Compliance Officer shall report the breach of this CCBE; if any; which comes to his notice to the Board;
- iv. All Board Members and Designated Employees shall be subject to investigation of possible violation of CCBE;
- v. The Executive Director shall determine the penalty for breach of CCBE by the Designated Employees. In case of breach of CCBE by the Board Member(s), the Board shall examine and initiate suitable disciplinary action.

### **VIII. Amendments to the CCBE**

The provisions of this CCBE can be amended and modified by the Board from time to time and all such amendments and modifications shall take effect from the date stated therein. All Board Members and Designated Employees shall be duly informed of such amendments and modifications.

### **IX. Placement of CCBE on Website**

Pursuant to Regulation 46 (2)(d) of the LODR, 2015, the CCBE and any amendments thereto shall be posted on the website of the Company i.e. [www.nirlonltd.com](http://www.nirlonltd.com).

### **X. Affirmation of Compliance of the CCBE**

As required under Regulation 26(3) of LODR, 2015, all Directors and Designated Employees shall affirm compliance with this CCBE on an annual basis.

The Annual Report of the Company shall contain a declaration to this effect signed by the Chairman.

### **XI. Waivers**

Waiver of any provisions of this CCBE must be granted in writing by the Board.

### **XII. Overriding Effects**

The CCBE shall not override the Act and/ or the Regulation. Any amendment and/ or modification to the Act / the Regulation shall prevail over the CCBE.

Any provision contained in the CCBE to the extent to which it is inconsistent or repugnant to the provisions of the Act / the Regulation shall become or be void, as the case may be.

**\* POST INTRODUCTION OF LODR, 2015 BY THE SEBI**

***Modified and approved by the Board of Directors on Novemebr12, 2018***