

(Approved and adopted at the Board Meeting  
held on 29<sup>th</sup> October 2005 and amended  
on 7<sup>th</sup> August 2014)

**Code of Conduct for Members of the Board and Senior Management of  
Umang Dairies Limited (pursuant to sub-clause II (E)\* of Clause 49 of  
Listing Agreement)**

**Preamble**

The Company already has for the last three years, a Code of Conduct in position for Management Cadre Staff. The new provisions of Clause 49 of the Listing Agreement and contemporary practices of good corporate governance provide that the Company shall have a Code of Conduct for all members of the Board of Directors and Senior Management Personnel. Hence this Code.

**1.** This Code of Conduct divided into Part A: applicable to the Directors and Part B: applicable to the Senior Management of the Company, was approved by its Board of Directors at its meeting held on 29<sup>th</sup> October 2005.

**2.** For the purpose of this Code, "Directors" shall mean all the Directors on the Board of Directors of the Company and "Senior Management" shall mean personnel of the Company who are members of 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 reporting to the Managing or Executive Directors.

**3. Philosophy**

**3.1** Basic philosophy of the Code of Conduct has been guided by the practices of good Corporate Governance followed by the Company. The core values of the Company are :-

- Commitment to excellence
- Integrity including intellectual honesty, openness, fairness & trust
- Care for people
- Dynamic & successful business organisation
- A socially-valued enterprise
- Business integrity

**3.2** The Code of Conduct therefore aligns around the said core values and the commitment to maintain the highest standards in its interface with all stake-holders, society at large and the environment.

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*\*Substituted for sub-clause I (D) as approved by the Board at its Meeting held on 7-8-2014.*

**4.** The Directors and Senior Management recognise that they have fiduciary responsibility and are accountable to maximise shareholder value through good business practices and controls.

### **Part A**

**5.1** The Directors of the Company shall endeavour and would:

- a. use due care and diligence in performing their duties of office and in exercising the powers attached to that office;
- b. act honestly and use their powers of office, in good faith and in the best interests of the Company;
- c. not make improper use of information nor take improper advantage of their position as a Director;
- d. not allow personal interests to conflict with the interests of the Company;
- e. make all necessary disclosures to the Company in terms of the Companies Act 1956, the Listing Agreement and any other law for the time being in force;
- f. not engage in conduct which may bring discredit to the Company;
- g. be independent in judgement and actions, and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors;
- h. ensure the confidentiality of information they received whilst being in office of Director and disclosed only when authorised by the Company, or is required by law.

**\*5.2** Duties of Independent Directors as per Schedule IV of the Companies Act 2013 (Act) shall be as under:

The independent directors shall—

- a. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- b. 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;
- c. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- d. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e. strive to attend the general meetings of the company;
- f. 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;

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*\* Inserted as approved by the Board at its Meeting held on 7-8-2014.*

- g. keep themselves well informed about the company and the external environment in which it operates;
- h. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i. 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;
- j. 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;
- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- m. 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.

**\*5.3** Duties of Directors as per Section 166 of the Companies Act 2013 shall be as under:

- a. Subject to the provisions of the Act, a director of a company shall act in accordance with the articles of the company.
- b. 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.
- c. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- d. 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.
- e. 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.
- f. A director of a company shall not assign his office and any assignment so made shall be void.
- g. If a director of the company contravenes the provisions of Section 166, such director shall be punishable with fine which shall not be less than one lac rupees but which may extend to five lac rupees.

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*\* Inserted as approved by the Board at its Meeting held on 7-8-2014.*

## **Part B**

### **6.1.** The Senior Management shall endeavour to:

- a. devote their utmost to achieve the goals of the Company and the standards set before themselves;
- b. carry on the business of the Company complying with all relevant laws, rules and regulations;
- c. ensure that financial records and present financial reports in accordance with the provisions of law and applicable accounting standards so as to give a true and fair view of the state of affairs of the company;
- d. ensure that necessary internal control systems are enforced effectively whereby fraud and other illegalities or irregularities, if any, are detected and timely remedial action is taken;
- e. ensure confidentiality of all material sensitive information of the affairs of the Company coming in their possession and not to disclose or use the same for personal profit or for the advantage of any other person unless the same is required to be disclosed to any other person in terms of applicable regulations.
- f. make all necessary disclosures to the Company in terms of the Companies Act 1956, the Listing Agreement and any other law for the time being in force;
- g. disclose and obtain requisite approval under the law in cases where personal interest might conflict with the interest of the Company. Senior Management personnel shall also from time to time and at any time, make disclosures to the Board relating to all material financial and commercial transactions where they have personal interest that may have a potential conflict with the interest of the Company at large [e.g. dealing in company shares, commercial dealings with bodies corporate which have shareholding of management and their relatives, etc
- h. pursue healthy Human Resource policies without any discrimination on account of caste, religion or sex, promote meritocracy, uphold self respect and human dignity to instill a sense of belonging to the Organization;
- i. ensure that in dealing with customers, lenders, investors, Government and the community at large, the Company's image and its interests are well protected;
- j. maintain highest level of professional conduct that would enhance the image, goodwill and credibility of the business of the Company;
- k. create an atmosphere of highest integrity, trust, fairness and honesty in performance of their duty which should strengthen the bond of relationship with people, both internally and externally;

- l. promote SHE factors, viz., safe, healthy working environment and comply with all regulations concerning preservation of the environment of the territory of operation, in conducting the Company's business;
- m. remain apolitical while involving in conduct of Company's affairs.

**6.2.** The Senior Management shall not:

- a. engage by themselves or on behalf of the Company in any activity detrimental to or against national interest;
- b. receive or offer, directly or indirectly, any illegal payment or charitable benefits which are intended to or perceived to obtain business favours barring nominal gifts which are customarily given and are of commemorative nature;
- c. permit misuse of company's properties and assets, both tangible and intangible.

**7.** This Code is in addition to and not in supersession of other Codes for the time being in force, viz. Corporate Ethics and Code of Conduct; implemented voluntarily by the Company; Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices, pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992. The Code of Conduct shall be posted on the website of the Company.

All the members of the Board of Directors and Senior Management shall affirm in writing compliance with this Code immediately after the Code is approved and adopted by the Board of Directors of the Company and on an annual basis in every financial year as per the format given at Annexure-I. The Annual Report of the Company shall contain a declaration to this effect signed by the Managing Director/Director as per the format in Annexure-II.

**ANNEXURE I**

Date .....

The Board of Directors  
.....  
New Delhi

Dear Sirs,

Re: Code of Conduct for members of the Board and Senior Management  
- Financial Year.....

I hereby affirm compliance with the Code of Conduct for members of the Board and Senior Management of the Company.

Name .....

Director/ Designation if Member of Senior Management

**ANNEXURE II**

Date .....

The Board of Directors

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New Delhi

Re: Code of Conduct for members of the Board and Senior Management

It is hereby declared that all the members of the Board and the Senior Management personnel have affirmed compliance with the aforesaid Code of Conduct during the Financial year ....

Name .....

Managing Director/Director