



# **ASSOCIATED ALCOHOLS & BREWERIES LIMITED**

## **CODE OF CONDUCT AND BUSINESS ETHICS**

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### **PREAMBLE**

1.1 This Code of Conduct ("this Code") shall be called "The Code of Conduct for Board Members and Senior Management Personnel" of Associated Alcohols & Breweries Limited (hereinafter referred to as "the Company").

1.2 This code is in alignment with Company's Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

1.3 The Board first adopted the Code of Conduct for Board Members and Senior Management in its meeting held on 11<sup>th</sup> August, 2010. The said Code is being modified for better presentation and to keep conformity with the regulatory environment. This amended Code shall come into force with effect from 30<sup>th</sup> day of May 2013.

1.4 The Board of Directors adopts this Code of Conduct and Business Ethics as a Testimony of its commitment to adhere to the standards of loyalty, honesty, integrity and the avoidance of conflict of interest. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

1.5 This model code of conduct shall be reviewed by the Board from time to time in conformity with the regulatory environment and any amendments to this Code shall be approved by the Board of Directors.

### **2. DEFINITION AND INTERPRETATION**

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

2.1 The term "Board/Board of Directors" shall mean the Board of Directors of the Comp

2.2 The term "Board Members" shall mean the Members on the Board of Directors of the Company.

2.3 The term "Whole-time Directors" shall mean the Board Members who are in whole-time employment of the Company.

2.4 The term "Senior Management Personnel" shall mean employees of the Company who are members of its core management team excluding Board of Directors and would comprise all Executive Directors, Chief General Managers, General Managers and other Functional Heads.

2.5 The term "Relative" shall mean 'relative' as defined in Section 2(41) and Section 6 read with Schedule IA of the Companies Act, 1956. (detailed in Appendix-1)

2.6 The term "Conflict of Interest" means where the interests or benefits of one person or entity conflict with the interests or benefits of the company.

In these Code words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

### **3. APPLICABILITY**

This Code shall be applicable to the following persons:

- a) All the directors of the company.
- b) All Senior Management members of the Company from the rank of the General Manager and above.
- c) All executives of the Company, reporting directly to the Managing Director, any other Whole-Time Director, President, Sr. Vice President and/or Vice President of the Company.
- d) This code of Conduct is applicable to any other employee or officer of the company who has a direct functional reporting to the Board and also to any employee or officer of the Company, who has the opportunity to materially influence the strategy and operation of the business and financial performance of the company.

**Associated Alcohols & Breweries Limited** is committed to observe all applicable Laws and Regulations and all other above mentioned Officials are expected to uphold this commitment.

#### **4. COMMITMENTS**

The Board Members and the Senior Management Personnel shall, in all matters related to the Company, act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

- i) Shall act with utmost care, skill diligence and integrity.
- ii) Shall act in utmost good faith and fulfill the fiduciary obligations without allowing their independence of judgment to be compromised.
- iii) Shall act in accordance with the highest standards of personal and professional integrity, honesty, good faith, with diligence and responsiveness, excellence in quality, with academic responsibility and freedom and ethical conduct shall not involve in taking any decision prejudicial to the interest of the Company on a subject matter in which a conflict of interest arises or which in his opinion is likely to arise. Shall make disclosures to the Board relating to all material financial and commercial transactions, if any, where they have personal interest that may have a potential conflict with the interest of the company at large.
- iv) Shall not, in his official capacity, enter into business with (a) a relative or (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public-Limited Company in which he or his relative holds 2% or more paid-up share capital and (d) with a firm in which the relative is a partner, except with the prior approval of the Board unless otherwise permitted by law.
- v) Shall avoid having any personal and/or financial interest in any business dealings concerning the Company.
- vi) Shall avoid any dealing with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members/Senior Management Personnel/ Company.
- vii) Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company.
- viii) Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Company and the Board declines to pursue such opportunity and allow him to avail such opportunity.
- ix) Shall not make any public statement which has the effect of adverse criticism of any policy or action of the Govt. or of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders.
- x) Shall not commit any offence involving moral turpitude.

## **5. COMPLIANCE OF LAW**

The Board Members, Senior Management Personnel and employees shall comply with all laws, rules and regulations relating to the business of the Company.

## **6. CORPORATE DISCLOSURE PRACTICES**

The Code on Corporate Disclosure Practices regulates disclosure of "Unpublished Price Sensitive Information". The Company Secretary is responsible for overseeing and co-ordinating disclosure of "Unpublished Price Sensitive Information" to stock exchanges, analysts, shareholders and media including drafting of the press release or the text of the information to be posted on the Company's web-site/released to the press with the approval of the Whole Time Director/Managing Director.

## **7. RELATED PARTY DISCLOSURES**

The Board Members and Senior Management Personnel shall make disclosure of related party transactions to the Board of Directors in the format provided under Accounting Standard 18 (AS-18) (Appendix II) issued by the Institute of Chartered Accountants of India (ICAI) and/or any modification or re-codification thereof.

## **8. CONFIDENTIALITY OF INFORMATION**

Subject to the Code of Corporate Disclosure Practices as may be prevalent in the Company from time to time any information concerning the Company's business, its customers, suppliers, etc. to which the Board Members and Senior Management Personnel have access or which are in their possession, must be considered confidential and held in confidence.

No Board Member and Senior Management Personnel shall provide any information either formally or informally, to the press or any other media, unless specifically authorized. Provided that Board Members and Senior Management Personnel shall in consultation/under intimation to the Company Secretary of the Company be free to disclose such information which is:-

- a) Part of the public domain at the time of disclosure; or
- b) Authorized or required to be disclosed pursuant to a decision of the Board or any of its Sub-Committees; or
- c) Required to be disclosed in accordance with applicable laws, rules, regulations, guidelines, or directions from the regulatory bodies.

## **9. GIFTS, DONATIONS & ENTERTAINMENT**

The Board Members and Senior Management Personnel shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, the Board Members and Senior Management may accept and offer nominal gifts, which are customarily given and are of a commemorative nature, for special events.

## **10. CONFLICT OF INTEREST**

A conflict of interest situation would be deemed to have arisen, when an individual's interest is perceived to be inconsistent with or is in conflict with the business interest of the Company. One should avoid such conflict of interest with the Company. However, in case such a situation arises, he shall, on becoming aware of the same, make full and true disclosure of all facts and circumstances thereof to the Company. Some of the situations wherein a conflict of interest may be deemed to have arisen are elucidated below:

### **a) Pecuniary benefit**

Where one's conduct is likely to confer a pecuniary benefit to oneself or in favour of any relative(s) or in favour of any company, body corporate or firm where one or one's relative is an employee, member, director or partner.

### **b) Related Party Transactions**

Where one enters into transaction(s)/arrangement(s) (directly or indirectly through relatives) with companies, bodies corporate or firms, for personal gain, which may conflict with the business interest of the Company.

### **c) Corporate Opportunities**

Where one uses and/or exploits for personal gain, opportunities that rightly belong to the Company or are discovered through the use of one's position or through the Company's image, property or information.

### **d) Outside directorships**

It is a conflict of interest to serve as a director of any company that competes with the Company. Directors/ Senior Management must first obtain approval from the Company's Board/Managing Director before accepting a directorship.

## **11. PROTECTION & PROPER USE OF COMPANY'S ASSETS & RESOURCES**

All the assets of the Company are properly secured through insurance, used optimally in the best business interest of the Company. The Board Members and the Senior Management team shall:

- a) Ensure that equipment/ facilities/ amenities provided to him/her by the Company for discharge of his/her duties in terms of his employment are used with proper care and diligence and return the possession thereof upon his resignation, termination or retirement from the services of the Company, as the case may be.
- b) Ensure that proprietary information and trade secrets belonging to the Company, including any information concerning pricing, products and services that are being developed, internal system designs and other such trade secrets are held in strict confidence and due care is exercised to avoid inadvertent and inappropriate disclosure. Such information shall be used in the manner as required or mandated and as a part of the duties assigned and not for personal gain.
- c) Ensure that all other personal and financial information relating to the customers, associates and stakeholders of the Company is accessed, used and disclosed in accordance with the policies, systems and controls laid down by the Company, from time to time.
- d) Take steps to use and protect the Company's assets and ensure their efficient use as also use the assets only for the legitimate business purposes of the Company or such other purposes as may be authorised by the Management.

## **12. DEALING IN THE COMPANY'S SECURITIES:**

As the Company's securities are listed, the Company is committed to comply with securities laws in all jurisdiction in which its securities are listed. The Company prohibits its Directors / Senior Management and those who could be considered as Insiders from any fraudulent and unfair trade practices in the securities market, with regards to the securities of the Company or of any other company with whom the Company has business dealing to the best of their knowledge.

### **13. PREVENTION OF INSIDER TRADING**

The Board Members and the Senior Management team shall comply with the Code of conduct for prevention of Insider Trading in dealing with securities of the Company.

### **14. GENDER FRIENDLY ENVIRONMENT**

The Board Members and the Senior Management team shall:

practice a conduct that promotes equality of gender, class and caste 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.

not conduct themselves in such manner as would be construed to be an incident of sexual harassment at the workplace.

encourage women employees to report any harassment concerns and be responsive to any complaints of harassment or other unwelcome and offensive conduct.

### **15. GENERAL**

The Board Members and the Senior Management team:

shall at all times make an endeavor to attend such meetings /occasions including Board and Committee meetings as are required of the person for the benefit, growth and development of the Company.

Shall dedicate sufficient time, energy and attention to the Company to ensure diligent performance and be aware of and seek to fulfill his or her duties and responsibilities as set forth in the Company's Memorandum & Articles of Association and Corporate Governance Guidelines.

shall not use abusive or offensive language at the workplace or any such location connected to official business.

shall not illegally withhold any property or documents of the Company and should ensure protection of the same at all times.

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 exposes 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.

#### **16. OCCUPATIONAL HEALTH AND SAFETY**

Covered Parties must abide by the Company's standards in safety matters, do their part to maintain a healthy and safe work environment and take necessary steps to ensure their own safety and the safety of others.

#### **17. NO RIGHTS CREATED**

This Code sets forth guidelines for conduct for the Board of Directors and Senior Management Personnel. It is not intended to and does not create any rights in any Director or Senior Management Personnel, client, supplier, customer, shareholder, or any other person or entity.

#### **18. AMENDMENTS TO THE CODE**

The provisions of this Code can be amended /modified by the Board of Directors of the Company from time to time and all such amendments/modifications shall take effect from the date stated therein.

#### **19. PLACEMENTS OF THE CODE ON WEBSITE**

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendment thereto shall be posted on the website of the Company.

#### **20. ANNUAL COMPLIANCE REPORTING**

In terms of Clause 49 of the Listing Agreement, all Board Members and Senior Management Personnel shall affirm compliance of this Code within 30 days of close of every financial year. The Annual Report of the company shall contain a declaration to this effect signed by the Chief Executive Officer (CEO) of the Company. A proforma of Annual Compliance Report is at Appendix-III. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director/Senior Management Personnel leaves the Company any time during a financial year, he shall send a communication vide Appendix-IV to Company Secretary affirming compliance of the Code till the date of his association with the Company.

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) or any other person heading the finance function of the Company shall certify to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of this Code.

## **21. ENFORCEMENT OF CODE OF CONDUCT**

Each Board Member and Senior Management Personnel shall be accountable for fully complying with this Code.

## **22. CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE**

22.1 In case of breach of this Code by the Non Whole-time Directors, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.

22.2 In case of breach of this Code by the Whole-time Directors and Senior Management Personnel will not be tolerated and will result in disciplinary action, including termination of employment where appropriate.

## **23. 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 as at Appendix-V and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this code.

# **ASSOCIATED ALCOHOLS & BREWERIES LIMITED**

**APPENDIX-I**

## **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL EXTRACT OF SECTION 6 OF THE COMPANIES ACT, 1956**

### **Meaning of "relative"**

6. A person shall be deemed to be a relative of another if, and only if:
- (a) they are members of a Hindu undivided family; or
  - (b) they are husband and wife; or
  - (c) The one is related to the other in the manner indicated in Schedule IA.

### **SCHEDULE 1A**

#### **LIST OF RELATIVES**

- 1. Father
- 2. Mother (including step-mother)
- 3. Son (including step-son)
- 4. Son's wife.
- 5. Daughter (including step-daughter).
- 6. Father's father
- 7. Father's mother
- 8. Mother's mother
- 9. Mother's father
- 10. Son's son
- 11. Son's son's wife
- 12. Son's daughter
- 13. Son's daughter's husband
- 14. Daughter's husband
- 15. Daughter's son
- 16. Daughter's son wife
- 17. Daughter's daughter
- 18. Daughter's daughter's husband
- 19. Brother (including step-brother)
- 20. Brother's wife
- 21. Sister (including step sister)
- 22. Sister's husband

**ASSOCIATED ALCOHOLS & BREWERIES LIMITED**

**APPENDIX-II**

**CODE OF CONDUCT  
FOR  
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

The Board Members and Senior Management Personnel shall disclose the following, in respect of all transactions with related parties, as covered in AS-18 issued by ICAI:-

- i) The name of the transacting related party;
- ii) A description of the relationship between the parties;
- iii) A description of the nature of transactions;
- iv) Volume of the transactions either as an amount or as an appropriate proportion;
- v) Any other elements of the related party transactions necessary for an understanding of the financial statements.

**Signature**.....

**Name** .....

**Designation**.....

**Date**.....

**Place**.....

Note: The following are examples of the related party transactions in respect of which disclosures may be made by a Board Members and Senior Management Personnel:

- Purchases or sales of goods (finished or unfinished);
- Purchases or sales of fixed assets;
- Rendering or receiving of services;
- Agency arrangements;
- Leasing or hire purchase arrangements;
- Transfer or research and development;
- Licence agreements;
- Finance (including loans and equity contributions in cash or in kind);
- Guarantees and collaterals; and
- Management contracts including for deputation of employees.

**ASSOCIATED ALCOHOLS & BREWERIES LIMITED**

**APPENDIX-III**

**CODE OF CONDUCT  
FOR  
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL  
ANNUAL COMPLIANCE REPORT\***

I..... do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL during the financial year ending 31<sup>st</sup> March, .....

**Signature**.....

**Name** .....

**Designation**.....

**Date**.....

**Place**.....

**\*To be submitted by 30<sup>th</sup> April each year.**

**ASSOCIATED ALCOHOLS & BREWERIES LIMITED**

**APPENDIX-IV**

**CODE OF CONDUCT  
FOR  
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

I..... do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL from 01.04.\_\_\_\_\_ to \_\_\_\_\_

**Signature**.....

**Name** .....

**Designation**.....

**Date**.....

**Place**.....

**ASSOCIATED ALCOHOLS & BREWERIES LIMITED**

**APPENDIX-V**

**CODE OF CONDUCT  
FOR  
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL  
ACKNOWLEDGEMENT FORM**

I....., have received and read the Company’s “CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL (“this Code”). I have understood the provisions and policies contained in this Code and I agree to comply with this Code.

In case of any clarification in concern with the meaning or application of the company’s code of Conduct, any company policies, or the legal and regulatory requirements applicable to my role and job, I know I can consult the Compliance Officer or the Human Resource Department with the belief that my questions or reports to these sources will be maintained in confidence.

**Signature**.....

**Name** .....

**Designation**.....

**Date**.....

**Place**.....