

POLICY ON CODE OF CONDUCT FOR BOARD DIRECTORS AND SENIOR MANAGEMENT

1. INTRODUCTION

1. Regulation 17(5) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 , as amended (“Listing Regulations”) stipulates that the Board of Directors of every listed company shall lay down a code of conduct for all Board members and Senior Management personnel of the Company.

This “Code of Conduct for Directors and Senior Management” (the ‘Code’) of Parag Milk Foods Limited (the "Company envisages that the Board of Directors and Senior Management must act within the bounds of the authority conferred upon them and with a duty to make and keep themselves informed about the development in the industry in which the Company is involved and the legal requirements to be fulfilled.

The Code is intended to maintain the high standards of transparency, business conduct, ethics, corporate culture and the values. The Code is also to act as a deterrent from unethical doings and to promote ethical values and is the manifestation of the Company's commitment to successful operation of the Company's business in the best interest of the shareholders, creditors, employees and other business associates.

2. PURPOSE

- 2.1 The Company's reputation depends on the conduct of its Board Members and Senior Management Personnel.
- 2.2 The purpose of this Code apart from meeting the requirements of Listing Regulations is to:
 - a) articulate the high standards of honesty, integrity, ethical and law abiding behaviour expected of Board Members and Senior Management Personnel;
 - b) encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers, creditors and society at large);
 - c) guide Board Members and Senior Management Personnel as to the practices thought necessary to maintain confidence in the Company's integrity; and

- d) set out the responsibility and accountability of Board Members and Senior Management Personnel to report and investigate any reported violations of this Code or unethical or unlawful behaviour.

3. EFFECTIVE DATE

This policy was approved by the Board of Directors at its meeting held on January 14, 2016 and the same was applicable to the Company from the date of its listing with BSE Ltd. (BSE) and National Stock Exchange of India (NSE) i.e. with effect from May 16, 2016

This policy was subsequently revised by the Board of Directors at its meeting held on February 02, 2019 and the same shall be effective with effect from April 01, 2019.

BSE and NSE are hereinafter together referred to as “the stock exchanges”.

4. DEFINITIONS

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

4.1 "**Board**" shall mean the Board of Directors of the Company.

4.2 "**Directors**" shall mean directors on the Board,

4.3 "**Compliance Officer**" shall mean the Company Secretary of the Company.

4.4 "**Relative**" shall mean a '**relative**' as defined under Section 2(77) of the Companies Act, 2013 and rules prescribed there under.

Provided this definition shall not be applicable for the units issued by mutual fund which are listed on a recognised stock exchange(s)

4.5 "**Senior Management Personnel**" shall mean personnel of the listed entity who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

4.6 "**the Company**" shall mean Parag Milk Foods Limited.

5. APPLICABILITY

- This code of conduct is applicable to:
 - The Directors, both executive and non-executive Directors.
 - Senior Management team comprising of members of its core management team one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include Company secretary and chief financial officer

- The Directors both executive and non-executive, are obliged to carry out their duties in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the laws, rules, regulations, agreements, guidelines, standards and internal policies and procedures. The Board of Directors of the Company is entrusted with the fiduciary responsibility of oversight of the affairs of the Company. As Directors of the Company, they have a duty to make decisions and implement policies in the best interests of the Company and its stakeholders.

6. HONEST AND ETHICAL CONDUCT

All directors and senior management employees shall deal on behalf of the Company with professionalism, honesty, integrity as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

7. ACCOUNTABILITY:

The Directors/Senior Management personnel shall discharge their duties in good faith and integrity in business judgment and in the best interests of the Company and its stakeholders. They are expected to use their best endeavours and organize the resources for advancing the Company's objectives. They shall act ethically, honestly, diligently and in good faith to protect the Company's properties, brand equity and image. They shall act in good faith, responsibly, with due care, competence and diligence and without allowing their independent judgment to be subordinated. They shall act in the best interests of the Company and fulfill their fiduciary obligations.

8. CONFLICT OF INTEREST:

Directors/Senior Management personnel shall not engage in any business, relationship or activity, which may be in conflict with the interests of the Company. Notwithstanding anything contained herein, an Independent / Non- Executive Director shall have the full liberty to pursue his/ her independent professional/ business/ employment activities and/ or to assume office(s) of director/ trustee.

Conflicts can arise in many situations. It is not possible to cover every possible conflict situation and at times, it will not be easy to distinguish between proper and improper activity. Set forth are some of the common circumstances that may lead to a conflict of interest, actual or potential:

1. They should not engage in any activity/employment that interferes with the performance or responsibility to the Company or is otherwise in conflict with or prejudicial to the Company.
2. They and their immediate families should generally refrain from investments in such companies/ entities whereby their responsibility to the Company is compromised.
3. They should avoid conducting Company business with a relative or with a firm/company in which a relative/related party is associated in any significant role. If such related party transaction is unavoidable, it must be fully disclosed to the board of the Company. Transactions/ dealing done on arm's length basis shall not be considered to be conflict of interest.

9. COMPLIANCE WITH LAWS RULES & REGULATIONS

All applicable laws, rules and regulations shall be complied with. In order to assist the Company in promoting lawful and ethical behaviour, any possible violation of laws, rules, regulations or the code of conduct shall be reported to the Board of Directors through the Company Secretary.

10. OTHER DIRECTORSHIPS:

The Directors must disclose their Directorship, Committee membership on the Board of other companies and substantial shareholding in other companies to the Board on an ongoing basis.

11. INSIDER TRADING:

Directors and Senior Management Executives of the Company must ensure that they and their relatives comply with the SEBI (Prohibition of Insider Trading) Regulations and the Company's Policy on the Insider Trading. In particular, Directors must ensure that they do not, by themselves or through third parties, deal in the Company's shares while in possession of material non-public information relating to the Company.

Directors and Senior Management Executives must also ensure that they do not divulge such information to third parties except for a legitimate purpose as defined in the Company's Policy who may use the information to deal in the Company's shares. It is the duty of all concerned to notify the Company if they observe, or learn of, any unethical business conduct or illegal acts including leak or suspected leak of the Unpublished Price Sensitive Information

12. EQUITY:

All attempts should be made to maintain equity and fair justice while dealing on behalf of the Company. The Directors/Senior Management personnel shall be committed to provide a work environment free from unlawful discrimination, harassment and intimidations of any nature.

Any kind of harassment and discrimination based on gender, religion, age, sex, national origin and other such characteristics shall be strictly prohibited. They shall strive for maintaining a safe workplace by following safety and health rules and practices.

13. CONSUMER/ INVESTOR FOCUS:

The Directors/Senior Management personnel shall focus on customer/ investor satisfaction. They shall ensure that the communications given are accurate and truthful and do not deliberately omit important facts or shall not be of misleading nature.

14. TEAM WORK AND SPIRIT:

The principles of mutual trust, teamwork and spirit shall be appreciated and maintained. Best efforts shall be made to contribute to an environment that builds confidence and empowers people through personal and professional growth. They shall attempt that the teams grow together through collaborative working, skills development, knowledge sharing and learning

from each other. Employees being invaluable assets shall be motivated to achieve higher goals.

15. FINANCIAL RECORD KEEPING & REPORTING:

It is critical to ensure that all transactions are properly identified, analysed and recorded. Regardless of whether a Director/Senior Management person is directly involved in financial reporting or accounting, most come into contact with financial transactions directly or indirectly. All reasonable efforts are expected to ensure that all business records and reports are accurate, complete and reliable.

16. DUTIES OF DIRECTORS:

Without limiting the generality of the duties stated in the Companies Act, 2013, the Listing Regulations, SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2015 and the Code of Conduct for Prevention of Insider Trading framed thereunder and other applicable laws, the duties of a director are as under:

As laid down in the Companies Act, 2013 under Section 166, the duties of directors are:

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) 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.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) 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.
- (5) 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.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.

As laid down in the Companies Act, 2013 under Schedule IV [section 149(8)], the independent directors shall—

- (1) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) 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;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) 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;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) 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;
- (10) 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;
- (11) Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) 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.

Notwithstanding anything contained in the Companies Act, 2013, an independent director or a non-executive director (not being promoter or key managerial personnel), shall be held liable, only in respect of such acts of omission or commission by the Company which had occurred with his knowledge, attributable through business processes, and with his consent or connivance or where he had not acted diligently.

17. CONFIDENTIALITY OF INFORMATION

Any information concerning the Company's business, its customers, suppliers, etc, and to which the Board Members and Senior Management Personnel have access or possesses such information, must be considered confidential and held in confidence. No Board Members and Senior Management Personnel shall provide any information either formally or informally, to the press or any other public media, except as required in the performance of the duties. However, Board Members and Senior Management Personnel shall be free to disclose such information which is –

1. Part of the public domain at the time of disclosure.
2. Authorized or required to be disclosed pursuant to a decision of the Board
3. Required to be disclosed in accordance with applicable laws, rules, regulations or guidelines.

18. PROTECTION OF ASSETS

The Board Members and Senior Management Personnel shall protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gain.

19. FAIR DEALING

19.1 The Company expects Board Members and Senior Management Personnel to:

- i) deal fairly with employees, investors, customers, suppliers, competitors, auditors, lawyers, creditors or other advisers of the Company; and
- ii) encourage other employees and officers to do the same.

19.2 Board Members and Senior Management Personnel must not take unfair advantage of any employee, customer, supplier, competitor, auditor, lawyer or other adviser of the Company, creditor through illegal conduct, manipulation, undue influence, concealment, abuse of confidential information, misrepresentation of material facts, or any other unfair dealing practice.

19.3 Board Members and Senior Management Personnel must promote a respectful work place, culture that is free of harassment, bias and discrimination of any kind.

20. COMPANY MEETINGS

The Directors should attend the Board/General meetings comprehending the agenda of the meeting circulated to them. They are required to make a concerted effort to attend all the Board meetings scheduled in the year. The directors shall participate actively and constructively in the discussions of the Board and shall follow the guidelines agreed on by the Board regarding how it will govern and conduct itself.

21. RELATED PARTY DISCLOSURES

The Directors and the Senior Management Personnel shall make disclosure to the Company with respect to any transaction with the Company in which such person is interested and in respect of which a conflict of interest can arise between the Company and the person concerned including the name of the related party and the nature of relationship. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement. Such disclosure shall be in accordance with the Companies Act, 2013 and the accounting Standard (AS) 18 issued by the council of the Institute of Chartered Accountants of India in respect of "Related Party Disclosures".

22. CORPORATE GOVERNANCE

Directors and Senior Management Personnel should sincerely follow and should cause the Company to follow the philosophy of good corporate governance by possessing strong business fundamentals and delivering high performance through relentless focus on transparency, accountability, professionalization and corporate social responsibility for enhancing shareholders' value and contributing to society at large.

23. INTERACTION WITH MEDIA

The directors and senior management employees other than the designated spokes persons shall not engage with any member of press and media in matters concerning the Company. In such cases, they should direct the request to the designated spokespersons.

24. HEALTH, SAFETY AND ENVIRONMENT

- (a) Executive Directors and Senior Management Personnel should cause the Company to strive to provide a safe and healthy working environment and comply, in the conduct of the business affairs of the Company, with all regulations regarding the preservation of the environment of the territory it operates in. The Company should be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment in accordance with the applicable laws.

- (b) Executive Directors and Senior Management Personnel should ensure that the Company adopts most efficient energy management system, prevention of energy waste and utilization of natural resources in all plants.

25. PLACEMENT OF THE CODE ON WEBSITE

Pursuant to SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, this 'Code' shall be posted on the website of the Company.

26. CLARIFICATION ON CODE OF CONDUCT

Board Members and Senior Management Personnel requiring any clarification regarding this Code of Conduct may contact the Company Secretary.

27. ANNUAL COMPLIANCE REPORTING

It terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel shall affirm compliance of this Code within 30 days of close of every financial year in the proforma enclosed as Appendix I to this Code. The Annual Report of the Company shall contain a declaration to this effect and signed by the Chief Executive Officer (CEO) and in the absence of CEO the Managing Director of the Company will give the declaration.

28. CONSEQUENCES OF NON- COMPLIANCE OF THE CODE

It shall be the duty of Directors and Senior Management Personnel to help the enforcement of the Code and any breach if communicated / noticed is to be reported to the Board. In case of breach of this Code by Directors and Senior Management Personnel, the same shall be considered by the Board for initiating appropriate action including disciplinary action such as termination of employment, suspension and/ or penalty, as deemed necessary.

29. AMENDMENTS TO THE CODE

The provisions of this Code can be amended/ modified by the Board from time to time and all such amendments/ modifications shall be uploaded on the Company website.

30. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulations/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

ANNUAL CONFIRMATION OF COMPLIANCE WITH THE CODE

To
The Board of Directors
Parag Milk Foods Limited
10th Floor, Nirmal Building, Nariman Point
Mumbai 400 021

I, _____, do 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 Board Members and Senior Management Personnel of Parag Milk Foods Limited during the financial year ended March 31, ____.

Signature :-----

Name :-----

Designation :-----

Place :-----

Mumbai :-----