

CODE OF CONDUCT FOR THE DIRECTORS OF THE ANDHRA PETROCHEMICALS LIMITED

PREAMBLE

The Directors of the Company herein after referred to as “The Board” is committed to adopting, besides any of its obligations under relevant laws or regulations, the best relevant practices for corporate governance.

This Code of best practices represents a blend of law, regulation and appropriate voluntary practices that will enable the Company to attract financial and human capital, perform efficiently and to generate economic value for shareholders while respecting the interests of stakeholders and society as a whole.

The principal attribute of the code is to ensure effective corporate governance, to enable the Board to approve the Company’s strategy and major business plans and decisions.

A code of conduct (hereinafter referred to as “Code”) is adopted as per the stipulations of Listing Agreement which is applicable to all the Directors of the Company.

CODE

- ❖ The Board will operate within all applicable laws and regulations. The Board will act within and in accordance with the powers granted to them by the Company’s articles.
- ❖ The Board will act bonafide in the Company’s interest, to use its powers and information available for the business purposes and not exercise them for any collateral purpose and will ensure that the Company is managed with due diligence, due regard to the interest of all stakeholders, and essentially for the benefit of all its shareholders.
- ❖ The Board will in all sincerity endeavour that the Company’s activities ultimately add to the economic development of the Country and further the national interest.

- The Board will function within the framework of the economic, development and legal policies of the Government of India and shall not undertake nor participate in any task, debate or conversation that can reflect unfavourably on the dignity of our Nation or go against its interests.

- ❖ The Board will meet regularly, at least once every quarter with prime concentration on strategic issues and their approval, policy and control, delegation of powers, specifying issues that remain in the Board's domain.

- ❖ The Board will consider the following matters as and when deemed appropriate.
 - Annual operating plans and budgets and any updates.
 - Capital Budgets and any updates.
 - Quarterly results for the Company and its operating divisions or business segments.
 - Minutes of meetings of audit committee and other committees of the Board.
 - Show cause, demand, prosecution notices and penalty notices which are materially important.
 - Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
 - Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
 - Any issue which involves possible public or product liability claims of substantial nature.
 - Details of any joint venture or collaboration agreement.
 - Transactions that involve material payment towards goodwill, brand equity, intellectual property.

- Significant labour problems and their proposed solution. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
 - Sale of material nature of investments, subsidiaries, assets, not in normal course of business.
 - Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse foreign exchange rate movement, if material.
 - Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer.
- ❖ Board will present a balanced, clear assessment of the Company's position. The Board will ensure that the Directors' report shall include a narrative consistent with the figures in the accounts of the performance and prospects.
- ❖ The Board will ensure that the Annual Report shall include, *inter-alia*, a Management's Discussion and Analysis Report as per SEBI guidelines and the Board's Report on Corporate Governance (duly certified by the Auditors).
- ❖ The Board will ensure :-
- fair presentation of all financial statements and other information in the Annual, Quarterly and Management Discussion and Analysis reports;
 - the accounting policies and principles followed conform to standard practice and wherever not the full relevant disclosure has been made of any significant departures.
- ❖ The Board will ensure that an objective and professional relationship is maintained with all Auditors.

- ❖ All Members of the Board will take care that all matters where they may be deemed to be interested, whether directly or indirectly, are invariably disclosed as appropriate and also will not indulge in any form of insider trading, whether direct or indirect, including in shares or commodities, or assist any outsider to derive advantage from information not in the public domain.
- ❖ The Board has set up Audit Committees and Shareholders' Grievance Committee as per the SEBI Guidelines of Corporate Governance. The Board will ensure that the said Committees will carry out the functions as stipulated in the SEBI Code of Corporate Governance.
- ❖ The Board of Directors will ensure necessary changes in the code as and when deemed necessary.
- ❖ As required by the provisions of the Listing Agreement this Code of Conduct envisages following duties of Independent Directors as per Schedule IV to Sec.149(7) of the Companies Act, 2013.
 - 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 he is a member;
 - Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
 - Strive to attend the general meetings of the company;
 - 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;

- 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 committee of the Board;
 - 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 to 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 company's code of conduct or ethics policy;
 - Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
 - 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.
- ❖ Members of the Board will affirm the Code on annual basis as required by the revised Clause 49 of the Listing Agreement.

This Code of Conduct for Directors supersedes the Code of Conduct for Directors approved at the Meeting held on 20th January, 2006.