

CODE OF CONDUCT ARCHIDPLY DECOR LTD INDUSTRIES LIMITED

Preface

Archidply employees expect their company and their fellow employees to uphold the highest ethical standards. Since the tone for any organization is set at the top, employees should feel proud that Archidply's management tone is one of uncompromising integrity. This Code of Conduct (the "Code") applies to all employees of Archidply Industries Limited and its subsidiaries, present and future. Archidply expects all employees, at all levels and at all times, to comply with their legal and ethical obligations and with this Code. Further, employees who engage consultants, independent contractors and temporary employees must monitor their work for Archidply so that they act in a manner consistent with the principles in this Code. Archidply regards any violation of this Code as a serious matter. A breach can put the Company, its employees, and its products or services at substantial risk. Every employee is accountable for his or her own behavior. Anyone who violates the policies described in this Code of Conduct will be subject to disciplinary action up to and including termination of employment.

What Is the Code For?

The Archidply Code of Conduct is the cornerstone of our commitment to integrity. It provides an introduction to important laws and policies that everyone working for or representing Archidply must follow. The Code is designed to help each of us understand and follow the basic compliance and integrity rules that apply to our jobs. It also helps us determine when to ask for advice, and where to seek it.

Financial Reporting and Records

Archidply shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards that represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the company conducts its business affairs. Internal accounting and audit procedures shall fairly and accurately reflect all of the company's business transactions and disposition of assets. All required information shall be accessible to company auditors and other authorised parties and government agencies. There shall be no willful omissions of any company transactions from the books and records, no

advance income recognition and no hidden bank account and funds. Any willful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of the code, apart from inviting appropriate civil or criminal action under the relevant laws.

Competition

Archidply shall fully strive for the establishment and support of a competitive open market economy in India and abroad and shall cooperate in the efforts to promote the progressive and judicious liberalisation of trade and investment by a country. Specifically, Archidply shall not engage in activities, which generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices. Archidply shall market its products and services on its own merits and shall not make unfair and misleading statements about competitors' products and services. Any collection of competitive information shall be made only in the normal course of business and shall be obtained only through legally permitted sources and means.

Equal Opportunities Employer

Archidply shall provide equal opportunities to all its employees and all qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality, disability and veteran status. Employees of Archidply shall be treated with dignity and in accordance with the Company policy to maintain a work environment free of sexual harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner that would ensure that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

Gifts and Donations

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

Government Agencies

Archidply and its employees shall not offer or give any company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favorable performance of official duties.

Political Non-alignment

Archidply shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. Archidply shall not support directly or indirectly any specific political party or candidate for political office. The company shall not offer or give any company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

Health, Safety and Environment

Archidply shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. Archidply shall 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.

Quality of Products and Services

Archidply shall be committed to supply goods and services of the highest quality standards backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction. The Company continuously strive to improve the quality standards of its' goods and services and meet the required standards set by the national and international agencies..

Corporate Citizenship

Archidply shall be committed to be a good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates with the objective of making them self-reliant. Such social responsibility would comprise: to initiate and support community initiatives in the field of environment, community health and family welfare, water management, vocational training, education and literacy, and encourage application of modern scientific and managerial techniques and expertise. This will be reviewed periodically in consonance with national and regional priorities. The company would also not treat these activities as optional ones, but would strive to incorporate them as an integral part of its business plan. The company would also encourage volunteering amongst its

employees and help them to work in the communities. Archidply are encouraged to develop social accounting systems and to carry out social audit of their operations.

Cooperation of Subsidiary Companies

Archidply shall cooperate with other subsidiary companies by sharing physical, human and management resources as long as this does not adversely affect its business interests and shareholder value. In the procurement of products and services, Archidply shall give preference to subsidiary companies as long as it can provide these on competitive terms relative to third parties.

Public Representation of the Company and the Group

Archidply honours the information requirements of the public and its stakeholders. In all its public appearances, with respect to disclosing company and business information to public constituencies such as the media, the financial community, employees and shareholders, Archidply Group shall be represented only by specifically authorised directors and employees. It will be the sole responsibility of these authorised representatives to disclose information on the company.

Third-Party Representation

Parties that have business dealings with Archidply but are not members of the group such as consultants, agents, distributors, dealers, contractors, suppliers, etc. shall not be authorized to represent Archidply if their business conduct and ethics are known to be inconsistent with the code.

Use of the Archidply Brand

The use of the Archidply name and trademark owned by Archidply Industries Limited, shall be governed by manuals, codes and agreements issued by Archidply Industries Limited.

Group Policies

Archidply shall recommend to its board of directors the adoption of policies and guidelines periodically formulated by the Company.

Shareholders

Archidply shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The board of directors of Archidply industries Limited shall duly and fairly inform its shareholders about all relevant aspects of the company's business and disclose such information in accordance with the respective regulations and agreements.

Ethical Conduct

Every employee of Archidply, which shall include whole-time directors and the managing director, 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 such by third parties. Every employee shall be responsible for the implementation of and compliance with the code in his/her professional environment. Failure to adhere to the code could attract the most severe consequences including termination of employment.

Regulatory Compliance

Every employee of Archidply shall, in his business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the code, then the standards of the code shall prevail.

Concurrent Employment

An employee of Archidply shall not, without the prior approval of the managing director of the company, accept employment or a position of responsibility (such as a consultant or a director) with any other company, nor provide "freelance" services to anyone. In the case of a whole-time director or the managing director, such prior approval must be obtained from the board of directors of the company.

Conflict of interest

An employee of Archidply shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of his company or the Group. A conflict of interest, actual or potential, may arise where, directly or indirectly,

- (a) an employee of Archidply engages in a business, relationship or activity with anyone who is party to a transaction with his company,
- (b) an employee is in a position to derive a personal benefit or a benefit to any of his relatives by making or influencing decisions relating to any transaction, and
- (c) an independent judgment of the company's or group's best interest cannot be exercised. The main areas of such actual or potential conflicts of interest would include the following:

- Financial interest of an employee of Archidply or his relatives including the holding of an investment in the subscribed share capital of any company or a share in any firm which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the Archidply Industries Limited. (The ownership of upto 1% of the subscribed share capital of a publicly held company shall not ordinarily constitute a financial interest for this purpose.)
- An employee of Archidply conducting business on behalf of his company or being in a position to influence a decision with regard to his company's business with a supplier or customer of which his relative is a principal, officer or representative, resulting in a benefit to him or his relative.
- Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the company. Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the company's management. It is also incumbent upon every employee to make a full disclosure of any interest which the employee or the employee's immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with his company. Every employee who is required to make a disclosure as mentioned above shall do so, in writing, to his immediate superior who shall forward the information along with his comments to the person designated for this purpose by the MD/CEO who in turn will place it before the MD/CEO and/or the board of directors/executive committee appointed by the board and, upon a decision being taken in the matter, the employee concerned will be required to take necessary action as advised to resolve/avoid the conflict. If an employee fails to make a disclosure as required herein and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee, the management would take a serious view of the matter and consider suitable disciplinary action against the employee.

Independent Director's

Code for Independent Directors

Guidelines for professional conduct:

- 1) To uphold ethical standards of integrity and probity;
- 2) To act objectively and constructively while exercising his duties;
- 3) To exercise his responsibility in a bonafide manner in the interest of the company;
- 4) To devote sufficient time to his professional obligations for informed and balanced decision making;
- 5) To avoid abusing his position to the detriment of the company and refrain from any action that would lead to the loss of his independence;
- 6) To assist the company in ensuring best corporate governance practices.

Functions of Independent Directors

- 1) To bring an independent judgment on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) To scrutinize the performance of management in meeting agreed goals and objectives;
- 3) To safeguard the interests of all stakeholders, esp. minority shareholders;
- 4) To balance the conflicting interests of all stakeholders;
- 5) To moderate and arbitrate in the interest of the company as a whole.

Duties of Independent Directors

- 1) To undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) To strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a member;
- 3) To keep themselves well informed about the company and the external environment under which it operates;
- 4) To ensure adequate deliberations are held before approving related party transactions and assure that the same are in the interest of the company;
- 5) To report concerns about unethical behavior, actual or suspected fraud of the company's code of conduct;
- 6) Not to disclose confidential information including commercial secrets, technologies, advertising and sales promotion plans etc. unless such disclosure is approved by Board or by law.

Securities Transactions and Confidential

Information/ Insider Trading

An employee of Archidply and his immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the company or the group which is not in the public domain and thus constitutes insider information. An employee of Archidply shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the company on which such insider information has been obtained.

Such insider information might include the following:

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- Acquisition and divestiture of businesses or business units
 - Financial information such as profits, earnings and dividends
 - Announcement of new product introductions or developments
 - Asset revaluations
 - Investment decisions/plans
 - Restructuring plans
 - Major supply and delivery agreements
 - Raising finances
 - An employee shall comply by the Insider Trading Code of conduct adopted by the company under The SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

Protecting Company Assets

The assets of Archidply should not be misused but employed for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

Citizenship

An employee of Archidply shall, in his private life, be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interests of the company or the group.

Integrity of Data Furnished

Every employee of Archidply shall ensure, at all times, the integrity of data or information furnished by him to the company.

Reporting Concerns

Every employee of Archidply shall promptly report to the management any actual or possible violation of the code or an event he becomes aware of that could affect the business or reputation of his or Archidply.