

BALAJI SPECIALITY CHEMICALS LIMITED
CODE OF CONDUCT FOR DIRECTORS AND
SENIOR MANAGEMENT

(Approved by Board of Directors of the Company on June 1, 2022)

BALAJI SPECIALITY CHEMICALS LIMITED

Registered Office - 2nd Floor, Balaji Towers No. 9/1A/1, Hotgi Road, Aasara Chowk SOLAPUR Solapur MH 413224 IN

Phone 0217 260600 | Email: cs@balajispecialitychemicals.com | Website: <http://balajispecialitychemicals.com/>

CIN: U24299PN2010PLC137162

CONTENTS

1. Preamble... 3

2. Objective 3

3. Applicability 3

4. Definitions 3

5. Guidelines for Conduct..... 4

6. Duties of Director..... 6

7. Declaration for Compliance with the Code..... 6

8. Placement of Code on the Website 6

9. Reporting, Violating, Action and Waiver 6

10. Policy Review/ Amendment 7

11. Annexure I 8

12. Annexure II 12

PREAMBLE

This Code of Conduct for Board and Senior Management has been framed in compliance with the Regulation 17(5) of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013 and Rules thereunder (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force).

Independent directors of the Company apart from this code are subject to certain additional duties and standards of conduct under Schedule IV of the Companies Act, 2013 which are set out in **Annexure I** to this Code.

OBJECTIVE

This Code is intended to provide guidance to the Board of Directors and Senior Management Personnel to manage the affairs of the Company in an ethical manner. This code is set out to maintain the high standards of transparency and develop a culture of honesty and accountability. Each Directors and Senior Management Personnel will be duty bound to follow the provisions of this Code for the governance of good corporate practices. The purpose of this code is to adopt and set the standards to be followed which can enhance the value of the organization.

APPLICABILITY

This Code shall be applicable and binding to the Board of Directors and the Senior Management Personnel of the Company.

The Company Secretary of the Company is appointed as the Compliance Officer under the Code and will be available to answer any questions, provide clarification and to help in ensuring compliance with the Code.

DEFINITIONS

In this Policy unless the context otherwise requires,

“**Act**” means the Companies Act, 2013 or the Securities and Exchange Board of India Act, 1992 or any statutory modification or re-enactment thereof and includes any Rules and Regulations framed thereunder, as the case may be in respect to the reference made in the provisions under this Policy;

“**Board of Directors**” or “**Board**” means the collective body of the Directors of the Company;

“**Company**” means Balaji Speciality Chemicals Limited;

“**Conflict of Interest**” means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company;

“Senior Management” shall mean officers/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/ (including chief executive officer/ in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

“Executive Directors/Whole time Directors” shall mean and include Company's Managing Director and Directors who are in whole time employment of the Company;

“Independent Directors” shall mean an Independent Director as per the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (as amended from time to time).

GUIDELINES FOR CONDUCT

The Board Members and Senior Management Personnel shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement and observe the following code of conduct:

a. **Honesty & Integrity, Fairness and Accountability**

- i. Conduct their activities, on behalf of the company, with honesty, integrity, and fairness.
- ii. Act in good faith, responsibly, with due care, competence, and diligence, without allowing their independent judgement to be subordinated.
- iii. Act in the best interests of the company and fulfil the fiduciary obligations.

b. **Compliance**

Ensure compliance with all applicable laws, rules, and regulations, both in letter and spirit. Any possible violation of law, rules, regulations, or the code of conduct has to be reported to the Compliance Officer.

c. **Confidentiality Of Information**

Any information concerning the Company's business, its customers, suppliers, etc., which is not in the public domain and to which the Directors and Senior Management personnel have access or possesses such information, must be considered confidential and held in confidence, unless authorized to do so and when disclosure is required as a matter of law.

The Company's confidential including but not limited to commercial secrets, technologies, advertising, future projections or business plans and sales promotion plans, unpublished price sensitive information and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of the Director/ Senior Management or anyone other than the Company unless such disclosure is approved by the Board or required by law.

d. **Conflict Of Interest**

The Directors and Senior Management shall not engage in any activity, business, or relationship, which may be in conflict with the interest of the Company or prejudicial to the Company's

interest. They should avoid transacting company business with their relative or with a firm/ company in which either they themselves or their relative are interested or plays any significant role and in case such related party transaction is unavoidable, it must be made only after proper and fullest disclosure to the Board.

e. **Insider Trading**

Director/Senior Management personnel shall not derive benefit or assist others to derive benefit by giving investment advice based on unpublished price sensitive information (defined in SEBI (Prohibition of Insider Trading) Regulations, 2015) about the company and therefore constituting insider information. All Directors/Senior Management Personnel shall comply with SEBI (Prohibition of Insider Trading) Regulations, 2015 and insider trading policy of the Company.

f. **Gifts And Donations**

The Directors and Senior Management shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations, or comparable benefits that are intended, or perceived, to obtain uncompetitive favour for the conduct of its business.

Nominal gifts on occasions of festival are acceptable, provided such gifts are customarily given are of a commemorative nature and not with an intention to influence the director's and Senior Management actions as a member of the Board, or where acceptance of the gift could create the appearance of a conflict of interest.

g. **Protection Of Assets**

Protect the company's assets and should not use the company's assets or manpower or company-related information for their personal purposes, unless approved by the Board of Directors (in the case of Directors).

h. **Disclosure of Interest**

The Directors shall promptly disclose at the time of their appointment and subsequently whenever there is a change, their interest in other companies and body corporates in compliance with applicable laws.

The Directors and Senior Management shall also promptly disclose their relationships with other individuals, firms, or body corporate wherever such relationship may affect their independence of judgment while performing their duties and responsibilities towards the Company.

i. **Miscellaneous:**

It would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, they must be resolved after consultation with the Company's Board of Directors.

DUTIES OF DIRECTORS

The Directors of the Company in Section 166 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended (the “SEBI (LODR) Regulations”), shall:

- i. act in accordance with the Articles of the Company.
- ii. 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.
- iii. exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- iv. 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.
- v. 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.
- vi. not assign his office and any assignment so made shall be void.

DECLARATION FOR COMPLIANCE WITH THE CODE

As per Regulation 26(3) The members of the Board and Senior Management shall affirm the compliance with the Code on an annual basis and shall sign a confirmation to that effect as per the format set out in Annexure II.

The annual report of the Company shall carry a declaration signed by the Managing Director of the Company stating that the members of Board and Senior Management have affirmed compliance with the Code as per Regulation 34(3) read with Part D of Schedule V of SEBI (LODR) Regulations.

PLACEMENT OF THE CODE ON THE WEBSITE

Pursuant to Regulation 46 of SEBI (LODR) Regulations, this Code and any amendments thereto shall be posted on the Company’s website i.e., <http://balajispecialtychemicals.com>.

REPORTING, VIOLATION, ACTION AND WAIVER

While every Director and member of Senior Management has to himself ensure compliance with this code, any instance of violation or possible violation of this code by the concerned Director or member of Senior Management shall be immediately reported to the Board through the compliance officer. The same shall be considered by the Board for initiating appropriate action, as deemed necessary.

Any waiver of any provision of this Code for a member of the Company’s Board of Directors or a member of the Senior Management must be approved in writing by the Board of Directors of the Company.

POLICY REVIEW \ AMENDMENT

There will be a periodic review of the code from time to time and the Board of Directors (“Board”) may amend, modify, or revise any or all clause of this code. Any subsequent amendment/modification in the Act or the rules framed thereunder or the SEBI (LODR) Regulations and/or any other laws in this regard shall automatically apply to this Code until the Code is reviewed and approved next time.

ANNEXURE I

CODE FOR INDEPENDENT DIRECTORS

Section 149(8) of the Companies Act, 2013 mandates Independent Directors to abide by the Code for Independent Directors (‘Code’). The said Code has been detailed in Schedule IV to the Companies Act, 2013. The Code is a guide to professional conduct for Independent Directors.

Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

GUIDELINES OF PROFESSIONAL CONDUCT:

-

An independent director shall:

- i. uphold ethical standards of integrity and probity.
- ii. act objectively and constructively while exercising his/her duties.
- iii. exercise his responsibilities in a bona fide manner in the interest of the company.
- iv. devote sufficient time and attention to his professional obligations for informed and balanced decision making.
- v. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board of Directors in its decision making.
- vi. not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person.
- vii. refrain from any action that would lead to loss of his independence.
- viii. where circumstances arise, which make an independent director lose his independence, the independent director must immediately inform the Board accordingly.
- ix. Assist the company in implementing the best corporate governance practices.

ROLE AND FUNCTIONS:

-

The independent directors shall:

- i. help in bringing an independent judgment to bear on the Board’s deliberations especially on issues of strategy, performance, risk management, resources, key appointments, and standards of conduct.
- ii. bring an objective view in the evaluation of the performance of board and management.

- iii. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- iv. satisfy themselves on the integrity of financial information and financial controls and the systems of risk management are robust and defensible.
- v. safeguard the interests of all stakeholders, particularly the minority shareholders.
- vi. balance the conflicting interest of the stakeholders.
- vii. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel, and senior management.
- viii. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

DUTIES:

- i. Undertake appropriate induction and regularly update and refresh their skills, knowledge, and familiarity with the Company.
- ii. 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.
- iii. Strive to attend all meetings of the Board of Directors and of the Board Committees of which they are a member.
- iv. Participate constructively and actively in the Board Committees in which they are chairpersons or members.
- v. Strive to attend the general meetings of the Company.
- vi. Ensure, where they have concerns about the running of the Company or a proposed action, that these are addressed by the Board of Directors and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting.
- vii. Keep themselves well informed about the Company and the external environment in which it operates.
- viii. Not to unfairly obstruct the functioning of an otherwise proper Board or Board Committee.
- ix. 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.
- x. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- xi. Report concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct.
- xii. Act within their authority and assist in protecting the legitimate interests of the Company, shareholders, and its employees.
- xiii. Not to disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans and unpublished price sensitive information unless such disclosure is expressly approved by the Board of Directors or required by law.

MANNER OF APPOINTMENT:

- i. Appointment process of independent Directors shall be independent of the company management; while selecting independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- ii. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- iii. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- iv. The appointment of independent Directors shall be formalized through a letter of appointment, which shall set out :
 - a. the term of appointment.
 - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its task.
 - c. the fiduciary duties that come with such an appointment along with accompanying liabilities.
 - d. provision for Directors and Officers (D and O) insurance, if any.
 - e. the Code of Business Ethics that the company expects its Directors and employees to follow.
 - f. the list of actions that a director should not do while functioning as such in the company.
 - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- v. The terms and conditions of appointment of independent Directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- vi. The terms and conditions of appointment of independent Directors shall also be posted on the company's website.

RE-APPOINTMENT:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

RESIGNATION OR REMOVAL:

- i. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- ii. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director at the earliest but not later than three months from the date of such resignation or removal, as the case may be.
- iii. Where the company fulfils the requirement of independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

SEPARATE MEETINGS:

- i. The independent Directors of the company shall hold at least one meeting, without the attendance of non-independent Directors and members of management;
- ii. All the independent Directors of the company shall strive to be present at such meeting;
- iii. The meeting shall:
 - a. review the performance of non-independent Directors and the Board as a whole;
 - b. review the performance of the Chairperson of the company, taking into account the views of executive Directors and non-executive Directors;
 - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

EVALUATION MECHANISM:

- i. The performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- ii. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

ANNEXURE II

CODE OF CONDUCT

FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Affirmation by Director/ Senior Management with Code of Conduct as a Director / Senior Management, I hereby acknowledge that I have received and read the Code of Conduct of the Company. I have understood that it is my responsibility to consult the Compliance Officer if I have any questions regarding the provisions of the Code of Conduct. I understand and agree that as a Director/ Senior Management it is my responsibility to promote the application of the Code of Conduct.

Signature

Name:

Address

Designation

Date:

ANNUAL COMPLIANCE REPORT

I, Director of the BALAJI SPECIALITY CHEMICALS LIMITED, do hereby solemnly affirm that I have, in letter and spirit and to the best of my knowledge and belief, complied with the provisions of CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT during the financial year ended _____.

Signature

Name:

Address

Designation

Date:
