

BALRAMPUR CHINI MILLS LIMITED

CODE OF CONDUCT FOR EXECUTIVE DIRECTORS AND OFFICERS OF THE COMPANY

1. OBJECTIVE OF THIS DOCUMENT & DEFINITION

- 1.1 The objective of this document is to communicate the Code of Conduct “Code” of the Company to the Executive Directors and Officers of the Company. It is intended to serve as a guideline to corporate and individual behaviour in the conduct of business and the discharge of duties of all concerned.
- 1.2 The Code is fundamentally a set of principles and values expected to be maintained by the Company and its Executive Directors and Officers.

2. APPLICABILITY

- 2.1 The Code shall apply to the Executive Directors and Officers of the Company across all units and offices.
- 2.2 Whenever any aspect of this Code is covered under any Act or Law, the more stringent of the respective provisions shall apply unless the law expressly forbids it. If any Act or Law covers any aspect but this Code is silent on the same, the provisions of the Act or Law shall apply.
- 2.3 The Board of Directors of the Company shall be the final internal authority as far as any interpretation of the Code or its applicability/violation and consequential actions are concerned.
- 2.4 The Code may be expanded and/or improved upon from time to time.

3. NATIONAL INTEREST

- 3.1 It shall be the silent endeavour of Executive Directors and Officers that the activities of the Company ultimately add to the economic development of the country and further national interest.
 - Functioning shall be within the framework of the economic, development and legal policies of the Government of India.
 - Tasks, debates or conversations shall not be undertaken or participated that can reflect unfavourably on the dignity of our nation or go against its interests.

4. OPEN WORK ENVIRONMENT

- 4.1 Everybody shall respect each others individual rights and dignity.
- 4.2 Every attempt shall be made to provide an open and motivating work environment, which is conducive to upholding and achieving the Company’s Goals and Vision.
- 4.3 No discrimination shall take place on grounds of race, caste, religion, ethnic background, marital status or gender.
- 4.4 Entry into and progression within, the Company shall be determined on merit and the needs of the business.
 - There shall be commitment to the principles of proper, fair and transparent development and evaluation processes.
 - All shall be encouraged to grow professionally.
- 4.5 Any appointment or extension, dismissal, increment or promotion (including the making of any promise towards appointment, extension, increment or promotion) requires that procedures in the Rules of the Company be followed.

- Promotions and/or increments shall not be automatic or time bound but performance and merit based.

5. ETHICS & STANDARDS OF BEHAVIOUR

5.1 It is expected that business shall be carried on fundamentally in a manner that safeguards the interest of shareholders (besides other stakeholders), and enhances shareholders' value. It shall be recognized and acted upon on the basis of the conviction that these fundamentals are best achieved through a combination of efficient and productive operations and through integrity and customer satisfaction.

5.2 Great significance and value shall be attached to the Company's commitments, both internal and external, and every possible effort shall be made to achieve them and adhere to them.

5.3 It is recognized that continued success depends centrally on value that can be created for the company's shareholders and customers.

5.4 The Executive Directors and Officers of the Company are expected to uphold professionalism and competence, integrity and honesty, trust and fairness, discipline and teamwork, as well as truthfulness and high moral standards in their day-to-day dealings and conduct, both within the Company and outside.

- All the Executive Directors and Officers of the Company shall conduct themselves in a way that upholds and enhances the image of their position and the company. They shall not undertake or participate in any task, debate or conversation that can reflect unfavourably on their own or the company's dignity or go against the company's interests.

- It is expected that all the Executive Directors and Officers of the Company shall in their personal conduct (whether on duty or not) be law abiding and demonstrate an upright character.

- All the Executive Directors and Officers of the company share the responsibility for protecting the confidentiality and security of all our proprietary and other technical and business information.

- Personal expenses, whether one's own, his/her family's or on account of their business interest, shall not be charged or paid for on the company's account.

5.5 Company's Rules and practices, including under the Code or entitlement of perquisites or reimbursement of expenses or otherwise are to enable sincere, honest and diligent discharge of duties and to uphold the company's interest and integrity and dignity of all and the company.

- All the Executive Directors and Officers of the company should, as a philosophy, endeavour to economies on expenses in all areas and avoid any misuse or wasteful expenditure.

- Use of company's asset(s) by any Officer, does not confer any right, nor creates a lien on the asset(s), in favour of the user at any time.

- Speculation and/or regular trading in the company's shares or any commodity manufactured by the company by any Officers shall be unacceptable.

5.6 Accountability shall be encouraged and enforced consistently across all levels and functions. Responsibility would be taken for actions and mistakes would be admitted to.

- It is made clear that the term "accountability" does not confine itself to faults or failures; the term applies equally well to achievements and strengths. (The Oxford defines "accountable" to mean, "responsible; required to account for one's conduct or actions").

5.7 Pride of place shall be given to the best of social, cultural and intellectual values, in behaviour and conduct.

5.8 Pride of place shall be given to truthfulness in conduct and dealings.

- Misrepresentation, manipulation or misinformation in respect of business, commercial or financial data, information or operating reports shall be a violation of integrity as well as the Code.

6. CORPORATE GOVERNANCE

6.1 The company is committed to adopting, besides any of its obligations under relevant laws or regulations, the best relevant practices for Corporate Governance.

6.2 The Audit Committee shall oversee the effectiveness of the audit and internal audit tasks, to assist the Board in providing useful supervision of the overall financial reporting process.

- Due emphasis shall be laid on the audit/internal audit process, as necessary to safeguard the interests of shareholders. Every Executive Directors and Officer of the company must extend his full co-operation to the Auditors and ensure that all information as may be required by them is made available. The Audit Committee may also have propriety audit conducted from time to time.

6.3 Every Executive Directors and Officer of the company shall, in his or her business conduct, comply with all applicable laws and regulations, both in letter and spirit, in all the territories in which he or she operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of this code of conduct, then the standards of the code shall prevail.

7. QUALITY OF GOODS, SERVICES AND DEALINGS

7.1 The company is committed to building and maintaining long term and mutually beneficial relations with all customers and stakeholders, by consistently providing high quality goods and services, through equitable conduct and by the upholding of values of commitments.

7.2 Due courtesy, consideration and promptness shall be ensured and exercised in communication and inter-personal dealings particularly with customers and generally with all other stakeholders including but not limited to suppliers, agents, dealers, financial bodies, banks and shareholders or depositors.

7.3 There shall be a consistent effort to exhibit high professional, fair and courteous values in dealings and behaviour with third parties.

7.4 Due courtesy, consideration and promptness shall be ensured and exercised in communication and inter-personal dealings equally with peers and colleagues within the company.

8. INFORMATION & COMMUNICATION

8.1 The company fully understands the information requirements of its stakeholders. In respect of disclosing business, technical, commercial or proprietary information in the public domain, it shall be represented only by specifically authorized Officers.

8.2 All relevant work-related information shall be fully and timely shared with those concerned, so that all are able to perform their job as best possible and avoid confusion, misunderstanding and distrust.

- Positive and effective communications, both internal and external, are key needs for motivation and success. It is particularly the responsibility of senior officers to ensure that goals, policies, progress and initiatives are communicated appropriately and regularly so that all employees may understand them and relate to them.
- 8.3 No Executive Directors and Officer of the Company shall communicate in any matter (except as per any general or special order of the company or in the performance of duties assigned to him) any information or official document or part thereof to any other employee or person to whom he/she is not authorized to communicate such information, or where such communication may prejudice the interest of the Company or which may adversely affect its business or competitive edge.
- 8.4 No form of insider trading shall be indulged in, whether direct or indirect, including in shares or commodities, or assist any outsider to derive advantage from information not in the public domain and shall abide by the code of conduct for prevention of Insider Trading.

9. COMMITMENT TO EMPLOYER

- 9.1 Executive Directors and Officers are expected to devote fullest energy and due attention to the business of the company.
- Any other employment or direct interest in any business, (including as partners) in one's own spouse's or any dependant's name, is prohibited.
 - Any such interest or any interest or involvement in promoting any third party's business interest must be disclosed to the management in writing. Commencement or continuation of such interest constitutes a Conflict of Interest as detailed herein, and can only be dealt with accordingly.
- 9.2 Any Officer of the Company joining or assuming responsibility at any professional, trade, legislative, political or public body, including as an office bearer, can do so only upon prior approval by the management, which may or may not be granted.
- 9.3 Publicity with the objective of personal portrayal shall be avoided. Where any employee writes to/in any media or appears on any media or in any public debate in his/her personal capacity he/she shall clearly state that the views expressed are his/her own and not of the Company.
- 9.4 Executive Directors and Officers shall remain non-political.

10. RELATIVES AND ASSOCIATES

- 10.1 If and when a Executive Directors and Officer of the company suggests or refers a candidate for employment with the company or a party for transacting any business with company they must make it unambiguous if (and how) the candidate/party is in any way related or associated with them personally or professionally.
- An Officer empowered to appoint persons or transact business or in a position to influence such decision on behalf of the company shall not appoint such candidates or commit any transaction on behalf of the Company with them.
- 10.2 Throughout the Code and Rules whenever relatives and/or associates are referred to, they shall include relatives and/or associates as understood under socially accepted norms whether or not they are within the definitions under any Act.

11. CONFLICT OF INTEREST

- 11.1 Conflict of Interest is a wide term (implying wider definition and implication commensurate with seniority of the officer) which calls for examples rather than definition.

11.2 For purposes of a limited illustration only, Conflict of Interest can be said to have arisen or exist between an Officer and the Company in circumstances when :

- there is a harm or financial loss to the Company due to any act(s), including obvious negligence or willful neglect of duty non co-operation, of the Officer directly or through a third party or his/her abetting such action by another employee;
- any information (including, but not limited to competitive information) considered prejudicial to the company's interest is disclosed to any third party(s) by the Officer so as to expose such interest to risk;
- the Officer directly or indirectly enters into any form of relationship or association (with or without financial benefits or remuneration) with a direct competitor of the company or a supplier or sub-contractor to the company;
- the Officer abets any efforts of any third party to influence or effect supplies or services, either directly or indirectly, to the company at prejudiced terms or terms other than at arms length;
- the Officer or his/her relative/associate operates or commences/proposes to operate a business in direct conflict/competition with the business of the company;
- the Officer undertakes any business or professional activity in contravention of the guidelines herein, while in the employment of the company;
- the Officer utilizes the company's resources, financial or otherwise, to support his/her own financial or business interest (or of his/her relative /associate) or helps promote financial or business interest of any other employee;
- the Officer is formally charged or held guilty at any time by a relevant competent or judicial authority for a serious misdemeanor (such as any criminal offence or morale turpitude, etc.).

11.3 Every Officer shall take all care to ensure that there does not arise a Conflict of Interest between him/her and the company. It is clarified that if the Management is satisfied that a Conflict of Interest exists, then the same shall be said and deemed to exist.

- The first remedy if a Conflict of Interest arises, or exists historically, is to bring it to the notice of the Management. An attempt may be made by the Management at its discretion to see if the Conflict of Interest can be remedied and ended. If such attempt is decided against or the conflict cannot be remedied and ended, the Management shall be entitled at its sole discretion to decide if the services of those concerned should continue or not. In the latter event an opportunity shall be given to the concerned to resign ; otherwise the services may be terminated.
- If a conflict of interest continues without appropriate disclosure or by way of willful suppression of facts but becomes known to the Management it may, as its sole discretion, terminate the services of the Officer concerned.
- In any event, if any harm or financial loss to the Company has arisen as result of a Conflict of Interest, the Company shall proceed legally against the concerned persons.

11.4 It is expressly prohibited for any Officer to directly or indirectly :

- Solicit or accept any gratification, in cash or in kind, from any person/party dealing with or seeking to deal with the Company or from another employee. If any inducement is offered to an Officer he/she must immediately bring this to the notice of his/her unit head. (It is permissible to accept/give gifts of nominal value, customarily given on special festivals or occasions).
- Confer any benefit prejudicial to the company's interest to any party under influence of gratification or promise thereof or in violation of commercial or administrative prudence.
- Hold or be interested any place of wrongful personal gain vis-à-vis the company.
- Commit theft in any manner.

It is made clear and unambiguous that any of these acts are contrary to the fundamental spirit of the company and cannot be condoned or disregarded. If the Management is satisfied about the violation of any of the above, termination of services as well as possible legal action for recovery of gains or advantages wrongfully obtained, shall result.

12. INFORMATION TECHNOLOGY

12.1 The company encourages IT friendliness. It is committed to make extensive use of computers, modern data processing, and office automation and communication system, as may be practically possible. These shall be used to improve productivity, response time, information integrity, quality and presentation of documents and information.

12.2 Use of Information Technologies will be within principled boundaries.

- All users shall take due care to ensure security and safety of data, and to follow customarily accepted norms of usage for hardware and software. Only permitted software can be loaded on to company machines, and only by appropriate persons.
- The use of pirated/illegal software, or software or other materials that are prohibited or offend norms of social decency shall not be supported. Officers shall not on any account engage in casual browsing or surfing or chatting on any network at the workplace nor download software or material which are prohibited or offend norms of social decency.
- If an Executive Directors or Officer hosts a web site or web page on the Internet or posts data or information in any form of multimedia or software which have no relation with the company, then he/she shall refrain from using the name of the company therein.
- Any Executive Directors or Officer shall not utilise Internet connections or accounts of the company for personal use, including using the company's e-mail account for non-company mail. Any Officer in possession of the company's access passwords for the Internet or internal network shall use these solely for the purposes intended and shall not disclose the same to any unauthorized person nor to any person who may misuse the same, nor shall they use access passwords belonging to any other person.
- No Executive Directors or Officer shall commit the Company to any financial liability or legal obligation through any Internet site or permit or transact financial payments over the Internet, unless expressly authorized to do so by the Board of Directors.
- No Executive Directors or Officer shall undertake or abet any non-ethical computing activity, including making or distributing of copies of legal software or designing, transmitting, distributing or implanting any form

of virus. "Hacking" or any other such unacceptable activity whether over internal or external networks is strictly forbidden.

- If any Executive Directors or Officer is formally charged by competent authorities under the appropriate Cyber Laws in force, whether in relation to his/her personal time or while on duty, the management shall at its sole discretion have the right to suspend him /her without pay and emoluments or terminate his/her services.

13 HEALTH, SAFETY AND ENVIRONMENT

- 13.1 The company shall maintain respect for the environment and shall provide a healthy work environment and shall conform to environmental laws. All shall endeavour to prevent wastage of natural resources in the course of conduct of business.
- 13.2 The company shall endeavour towards total industry safety.
- 13.3 Steps to promote greater awareness about health care for employees and their families will be endeavoured to be taken. To maintain a healthier work environment all offices (including at units) shall be designed as "non-smoking offices", with suitable polite and visible notices and subtle hints such as absence of ashtrays. (Offices can have designated "smoking area" which must be open to the outside atmosphere and not in an air-conditioned space).
- 13.4 Consumption of alcohol or any other intoxicating substance(s) at the workplace is prohibited.

14. INTRA-GROUP CO-OPERATION

The company will, when needed, share physical, human and management resources with group companies.

15. INTELLECTUAL HONESTY

Due acknowledgement and credit shall be given to the colleagues from whom ideas have been borrowed. None should attempt to project another's ideas or efforts as his/her own.

16. RESPONSIBILITY TOWARDS SOCIETY AT LARGE

The company shall make efforts to extend support to community welfare, health and education. It is committed to being a good corporate citizen.