

Jai Balaji Industries Limited

CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

INTRODUCTION

A Code of Conduct is basically a management tool which can positively shape the culture of an organisation. A code of conduct is a written document that outlines Company's values, principles and guidelines in a variety of areas and enables Companies to publicly state to their suppliers, customers, consumers and other stakeholders, the way in which they intend to do business. A code of conduct sets out the standards of behavior expected in the organisation which will help to solve ethical dilemmas faced at work.

Clause 49 of the Listing Agreement entered into with the Stock Exchanges requires the Board of all listed Companies to lay down a code of conduct for all Board members and senior management of the company.

Jai Balaji Industries Limited (hereinafter referred to as “the Company”) has accordingly laid down this Code of Conduct (hereinafter referred to as the "Code") for its Board of Directors (hereinafter referred to as the "Board") and Senior Management Personnel (as hereinafter defined), to enhance ethical and transparent process in managing the day to day affairs of the Company and thus to sustain the trust and confidence reposed in the Officers by the shareholders of the Company.

APPLICABILITY

This Code shall be applicable to the following:

- All Directors of the Company, whether executive or non-executive including Independent and Nominee Directors;
- All executives of the Company from the rank of General Manager and above;
- Senior Management Personnel as defined hereinafter.

DEFINITIONS & INTERPRETATION

This Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this code, shall have the meaning assigned to them below:

- **“Board”** shall mean the Board of Directors of the Company.
- **“Board Members”** shall mean the Directors on the Board of the Company.
- **“Senior Management Personnel”** shall mean personnel of the Company who are members of its core management team excluding the Board of Directors and would comprise of all members of the management one level below the Executive Directors, including all functional heads.
- **“Government”** shall mean Government of India.

Jai Balaji Industries Limited

- “**Officers**” shall collectively refer to the Board Members and the Senior Management Personnel.
- “**Whole Time Directors**” shall mean the Board Members who are in the whole-time employment of the Company.
- “**Relative**” shall have the same meaning as defined under the Companies Act, 2013 and rules made therein

THE CODE

Philosophy of the Code

The Company believes in achieving high degree of integrity in professional, financial, non-financial and business ethics in operation of its business. Being the trustee of the shareholders, it is our responsibility to ensure that the organisation is managed in a manner that protects and enhances the interests of our shareholders.

In view of the above, a standard Code is needed to be established in the organisation.

The Code envisages and requires the Officers of Company to:

- act with professionalism, utmost care, due diligence, good faith, honesty, integrity, high moral and ethical standard;
- avoid having any personal and/or financial interest in any business dealings of the Company;
- avoid holding any positions or jobs or engage in any businesses that are prejudicial to the interests of the Company;
- avoid conducting, accepting or offering or making, directly or indirectly, any gifts, illegal payments, remuneration, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favors for the conduct of business;
- adhere to the highest standards of honest and ethical conduct including proper and ethical procedure in dealing with actual or apparent conflicts of interest between personal and professional relationship.

Conflict of Interest

- I. All the officers of the Company to whom this code applies shall not engage in any activity that may be in conflict with the interests of the Company. A conflict of interest exists where the interests or benefits of one person or entity is in conflict with the interests or benefits of the Company. Few examples are cited herein below:
 - Engagement in an activity that interfears with the performance of duties or is otherwise in conflict with or prejudicial to the interest of the Company;

Jai Balaji Industries Limited

- accepting simultaneous employment with suppliers, customers, or competitors of the Company, or taking part in any activity that enhances or supports a competitor at its position or serving in any other organisation as Employee/ Director of that organisation which is doing similar business in which the Company is engaged without prior approval of the Board;
- Receipt of personal benefits, excessive entertainment by officers, including their relatives;

The above list is inclusive and not exhaustive.

- II. Officers must disclose to the Company, any interest that that may be in conflict with the interest of the Company. They must comply with the disclosure requirements of this code on a fair and transparent basis.

Compliance of the Applicable Laws

The Officers of the Company must comply with the applicable laws, rules, regulations regulatory orders and reports, both in letter and spirit. They should acquire appropriate up to date knowledge of various regulatory compliances and keep themselves updated of the amendments, if any. Any inadvertent non-compliance, if detected subsequently, should be reported to the concerned authorities.

Disclosure Standards

- Every Officer of the Company shall make full disclosure of any interest which he or his relative, may have in a Company or firm which is a supplier, customer, distributor of or has other business dealings with the Company;
- Every Officer of the Company shall make full fair, accurate, timely and understandable disclosure in reports and documents that are filed with or submitted to any outside agency and in Company's public communications;
- Notwithstanding that any instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Officer should be made to the Company;

If an Officer fails to make a disclosure as required herein, and the Company of its own accord becomes aware of the same, the Company would take a serious view of the matter and consider suitable disciplinary action against the Officer.

Confidentiality of Information

Officers of the Company in the course of their dealings with the Company may have access to certain information concerning the Company's business, its customers, suppliers etc. and the same must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless:

- authorised by the Board; or

Jai Balaji Industries Limited

- the same is part of the public domain at the time of disclosure; or
- is required to be disclosed in accordance with applicable laws.

Environment, Health and Safety

The Officers of the Company shall comply with all the regulations regarding the preservation of the environment of the territory it operates in. The Officers 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 security of the ecological environment.

Protection of the Assets

The Officers of the company should be committed to proper safeguard of the Company's assets and shall be prohibited from:

- using corporate property, information or position for personal gain;
- soliciting, demanding, accepting or agreeing to accept anything of value from any person while dealing with the Company's assets and resources;
- acting on behalf of the Company in any transaction in which they or any of their relative(s) have significant direct or indirect interest.

Cost Consciousness

The Officers of the Company shall exercise their responsibilities with cost consciousness within the organisation and shall promote the same. They shall not use any facility of the Company for their personal use except where such facility has been provided for personal use by policy or specific permission.

Prevention of Insider Trading

Every Officer shall comply with the Code of Conduct for prohibition of Insider Trading for dealing in the securities of the Company and amendments made thereto from time to time.

Good Corporate Governance Practices

Each member of the Board of Directors and Core Management team should adhere to the good Corporate Governance practices. Some of the good Corporate Governance practices are enumerated hereunder:

- Active involvement in the matter of formulation of general policies;
- Familiarisation with the broad objectives of the Company and the policies laid down by the Government and the various laws and regulations;
- Assuring confidentiality of the Company's agenda papers, notes and minutes;

Jai Balaji Industries Limited

- Not to withhold illegally any property or documents of the Company and to ensure protection of the same at all times;
- Not to suppress knowingly, a material fact which can be detrimental to the interest of the Company from the appropriate authority/body;
- Not to give any directions, which exposes to risk the health and safety of any person;
- Not to make any statements, verify any return or form containing any particulars knowing to be false.

PROFESSIONAL CONDUCT FOR INDEPENDENT DIRECTORS

The following is a guide to professional conduct for Independent Directors of the Company and also incorporates the duties of Independent Directors of the Company as laid down in the Companies Act, 2013:

A. Guidelines of professional conduct:

An Independent Director shall –

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his duties;
3. exercise his responsibilities in a *bona fide* manner in the interest of the Company;
4. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. 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 in its decision making;
6. 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;
7. refrain from any action that would lead to loss of his independence;
8. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. assist the Company in implementing the best corporate governance practices.

Jai Balaji Industries Limited

B. Role and functions:

The Independent Directors shall –

1. 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;
2. bring an objective view in the evaluation of the performance of Board and management;
3. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. satisfy themselves on the integrity of financial information and that financial control and the systems of risk management are robust and defensible;
5. safeguard the interests of all stakeholders, particularly the minority shareholders;
6. balance the conflicting interest of the stakeholders;
7. 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;
8. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

C. Duties:

The Independent Directors shall –

1. act in accordance with the Articles of Association of the Company;
2. 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. exercise their duties with due and reasonable care, skill and diligence and shall exercise independent judgment;
4. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
5. 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;

Jai Balaji Industries Limited

6. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
7. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
8. strive to attend the general meetings of the Company;
9. 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;
10. keep themselves well informed about the Company and the external environment in which it operates;
11. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
12. 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;
13. 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;
14. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
15. acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
16. 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.

An Independent Director 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 Board processes, and with his consent or connivance or where he had not acted diligently.

AMENDMENTS TO THE CODE

The Board of Directors of the Company is empowered to amend and modify this code from time to time and all such amendments and modifications shall be posted on the website of the Company.

Jai Balaji Industries Limited

CONSEQUENCES OF NON-COMPLIANCES

Breach of the Code of Conduct by the Officers of the Company will be viewed seriously by the Board of Directors. The Board shall take such remedial action as it may deem fit and their decision shall be final.

Date: 13.11.2014