

**BALKRISHNA INDUSTRIES LIMITED**

**CODE OF CONDUCT FOR BOARD  
MEMBERS AND SENIOR  
MANAGEMENT EXECUTIVES**

**PREFACE:**

Policy Title	Code of Conduct for Board Members and Senior Management Executives
Version Number	1.1
Effective Date	31 <sup>st</sup> October, 2005
Authorised by	Board of Directors
Number of Revisions	1 (One)
Last Revised Date	14 <sup>th</sup> May, 2015

In view of the fiduciary capacity of the Directors, appointed by and representing the Shareholders to manage the affairs as trustees, it is essential to have demarcated duties/ responsibilities and obligations. To enable them to function independently, without bias or prejudice, the following Code of Conduct be and is hereby adopted by the Board to be followed from 1<sup>st</sup> November, 2005 as per the provisions contained in the Listing Agreement.

**A. Code of Conduct for Directors of M/s. Balkrishna Industries Limited:****1.1 Disclosure of Interest and Avoidance of Conflict of Interest:**

- (i) Any Director having financial or other interest by himself or through his relatives in any party contracting with the Company including vendors and customers, or in an Organization which is in competition with the Company shall make such interest known to the Board at the first opportunity and shall abstain from any discussion or decision-making on matters related to the Company and to such contracts or to the Competitor. The Director shall have to disclose his direct or indirect interest in relation to any contract or arrangement or proposed contract or arrangement entered into or to be entered into by the Company.
- (ii) The Director shall make a general disclosure of interest every year in the prescribed Form as per applicable Section of the Companies Act, 2013 with the changes, if any, notified to the Board from time to time.
- (iii) Notwithstanding such disclosure, except with prior consent of the Board, a Director or his relative or a firm in which such Director or his relative is a partner, or any other partner in such a firm, or a Company in which such Director is a member or Director, shall not enter into any contract with the Company having monetary implications.
- (iv) A Director shall disclose his investments in the Company and in its holding Company or subsidiary, if any, and changes therein, if any, from time to time.

**1.2 Investment in Shares of the Company**

The Directors shall abide by the Company's 'Code of Conduct to Regulate, Monitor and Report Trading by Insiders'.

**1.3 Not to make secret profit**

A Director shall not make any secret profit out of his position. If a Director receives information on a potential business opportunity in his capacity as a Director of the Company, he shall not use that opportunity for his own purpose.

**1.4 Confidentiality**

Directors shall keep confidential and not divulge directly or indirectly any information (except which is in the public domain) relating to the Company, its intellectual properties, its business and its customers /vendors which they have become aware of in the course of their Directorship either by knowledge derived in the course of participation in Board Meetings/Committee Meetings or from papers circulated to them as Director. Directors shall not make use of such information for any purpose other than for the benefit of the Company.

**1.5 Non-compete**

Without taking prior consent of the Board of Directors of the Company, Directors shall not accept any position of influence or of pecuniary interest including Directorship in any other Organization whose business is in direct competition with that of the Company.

**1.6 Not to contract individually**

None of the Directors shall act on behalf of the Company with any party or commit himself on behalf of the Company in regard to any arrangement or contract of a binding nature, unless specifically authorized by the Board in that behalf.

**1.7 Voting**

When a Director exercises his voting right as a shareholder at any general meeting of the Company he is free to vote in his own best interest like any other shareholder. However, when a Director votes as a Director in any Board Meeting or Committee Meeting he shall do so in his fiduciary capacity and shall be bound to vote not in his own personal interest but in what he considers to be the best interest of the Company.

**1.8 Employee Directors**

A Whole Time Director/Executive Director, who is an employee of the company shall, in addition to the above, be bound by the terms and conditions of his employment with the Company. He shall wholeheartedly devote his time and attention to the affairs and business of the Company within his remit and shall ensure all legal compliances on behalf of the Company in the area of work for which he has been made responsible.

**B. Code of Conduct for Senior Management Personnel of M/s. Balkrishna Industries Limited**

The 'Senior Management Personnel' shall comprise employees at the level just below Whole Time Director/Executive Director, and holding positions such as Sr. President, President, Senior Vice President or Head of the Company's Work (Vice Presidents, General Managers, Dy. General Managers, Sr. Managers, as the case may be) forming the core executive management team of the Company, working under the superintendence, control and guidance of the Managing Director/Joint Managing Director/Executive Director.

They shall be responsible for implementation of all management decisions concerning the operations of the Company and for achieving its business objectives.

While doing so, they shall uphold and protect the Company's reputation for integrity and fair dealing and to set examples within the Company.

**2.1 Avoidance of Conflict of Interest**

Senior Management Personnel having financial, personal or family interest in a vendor, customer or competitor shall make such interest known to their immediate superiors and shall abstain from the decision-making process related to such vendor, customer or competitor. For this purpose 'family' mean spouse, children, brothers, sisters, parents and in-laws.

**2.2 Business Integrity and Ethics**

Senior Management Personnel shall adhere to the highest standard of integrity and ethics in discharge of their functions. While exercising the authorities and discharging the responsibilities assigned to them they are expected to conduct themselves in such a manner as to avoid any act that may bring embarrassment to the Company and to themselves.

**2.3 Terms and Conditions of Employment and legal compliance**

Senior Management personnel shall strictly comply with the terms and conditions of their employment with the Company including the Rules and Regulations and applicable to them in accordance with the Company's HR policy as in force from time to time. They shall provide the necessary support to the whole time Director/Executive Director in ensuring that all national and local laws, regulations and customs in the areas falling within their respective remit are complied with.

**2.4 Investment in Shares of the Company**

Senior Management personnel shall abide by the Company's 'Code of Conduct to Regulate, Monitor and Report Trading by Insiders'.

**2.5 Not to make a secret profit**

Senior Management personnel shall not make any secret profit out of this position. If they receive information on a potential business opportunity in their official capacity, they shall not use that opportunity for their own purpose.

**2.6 Confidentiality**

Senior Management personnel shall keep confidential and not divulge directly or indirectly any information (except which is in the public domain) relating to the Company, its intellectual properties including technology and business processes, its business and its customers/vendors which they have become aware of in the course of their employment with the Company. They shall also not make use of such information for any purpose other than for the benefit of the Company.

**2.7 Non-compete**

Without taking prior consent of the Company, Senior Management personnel shall not accept any position of influence or of pecuniary interest in any other Organization whose business is in direct competition with that of the Company.

Upon leaving the Company owing to retirement or for any other reason after serving for 5 years or more, they shall not, for a period of 3 years, take up employment with any Competitor.

**C. Duties of Independent Director as laid down in the Companies Act, 2013.**

**I. 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
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.

**II. Role and functions of Independent Director:**

An Independent Director 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. scrutinize 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 controls 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.

**III. Duties:**

An Independent Director shall—

- 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.

Any other roles and responsibilities as amended from time to time under Companies Act, 2013 and Listing Agreements.

**D. Affirmation:**

- a. All the Directors and Senior Management Executives shall affirm compliance with the Code on annual basis within 30 days of close of every financial year ending on 31<sup>st</sup> March.
- b. The Annual Affirmation (as per format specified hereunder) shall be forwarded to the Company Secretary of the Company within the said period of 30 days.

**E. No Rights Created:**

This Code is neither intended to nor does it create any right in favour of any Director, Senior Management Executive, client, supplier, customer or shareholder of the Company or any other person or entity, whatsoever.



**CODE OF CONDUCT – ANNUAL AFFIRMATION**

To,  
**The Board of Directors**  
**Balkrishna Industries Limited**  
BKT House, C/15, Trade World, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel,  
**Mumbai – 400 013**

I ..... hereby acknowledge and certify that:

- a. I have received read, and understood the “Code of Conduct of Balkrishna Industries Limited”;
- b. I am bound by the said Code to the extent applicable to my functions as a Designated Employee of the Company; and
- c. During the Financial Year ended 31<sup>st</sup> March, \_\_\_\_\_, I have complied with the provisions of the said code.

Signature: .....

Name: .....

Designation: .....

Date: .....