



Chembond Chemicals Limited
Code of Conduct

(For Directors, Key Managerial & Senior Management Personnel)
(In terms of Clause 49(II)(E) of the Listing Agreement.)

This Code is a guide to help Directors on the Board, Key Managerial Personnel & Senior Management personnel of the Company to live up to Company's ethical standards and good governance practices.

The rules and principles set forth in this Code are general in nature and are in addition to duties or responsibilities prescribed, if any, in the applicable laws and also in addition to other policies, codes, plans etc. adopted by the Company from time to time. The compliance with the Code shall be ensured by everyone to whom this Code is applicable.

This code may be reviewed by the Board from time to time to keep pace with the regulatory environment and any amendments to this Code shall be approved by the Board of Directors.

I. Applicability :-

The Code is applicable to

- all Directors including Independent Directors,
- Key Managerial Personnel &
- Senior Management Personnel comprising of members of Management one level below Executive Directors, including all functional heads.

Directors, Key Managerial Personnel & Senior Management Personnel shall carry out their duties in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the laws, rules, regulations, agreements, guidelines, standards and internal policies and procedures etc. The Board of Directors of the Company is entrusted with the fiduciary responsibility of managing the affairs of the Company. As Directors of the Company, they have a duty to take decisions and implement policies in the best interests of the Company and its stakeholders.

II. Honest & Ethical Conduct:

Directors, Key Managerial Personnel & Senior Management Personnel are expected to act in accordance with the highest standards of personal and professional integrity, honesty, ethical and legal conduct, when acting on behalf of the Company or in connection with the Company's business or operations.

An honest conduct is considered as such when a conduct is free from fraud or deception. We consider ethical conduct to be conduct conforming to the accepted professional standards of conduct and include ethical handling of actual or apparent conflicts of interests between personal and professional relationships. Directors, Key Managerial Personnel & Senior Management Personnel shall



- Act honestly, fairly, ethically, with integrity and loyalty and conduct themselves in a professional, & courteous and respectful manner;
- Act in the best interests of the Company and in a manner to enhance and maintain the reputation of the Company, and fulfill their fiduciary duties to the stakeholders of the Company;
- Act in good faith, with responsibility, due care, competence, diligence and independence.

III. Conflict of Interest:

Directors, Key Managerial Personnel & Senior Management Personnel are expected to avoid and disclose any activity or association that creates or appears to create a conflict between the personal interests and the Company's business interests. A Conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.

Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect the independent and sound judgment to be made or decision to be taken on behalf of the Company. Directors, Key Managerial Personnel & Senior Management Personnel are required to disclose to the Board any situation that may be, or appear to be, a conflict of interest.

IV. Legal Compliance:

It is the general obligation of Directors, Key Managerial Personnel & Senior Management Personnel to conduct the business and operations of the Company in accordance with the laws, rules, regulations, agreements, guidelines, standards etc. governing its operations. Directors, Key Managerial Personnel & Senior Management Personnel shall acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to perform their obligations diligently. They shall also comply with the internal policies and procedures of the Company to the extent applicable to them.

V. Corporate Disclosure Policy:

It is the Company's policy to ensure continuous, timely and adequate disclosure of Company's information. The Company is committed to full, fair, accurate, timely and understandable disclosure in reports and documents it files with or submits to the regulatory authorities and in other public communications. Directors, Key Managerial Personnel & Senior Management Personnel must maintain the confidentiality of information relating to the affairs of the Company until and unless authorized or legally required to disclose such information and shall not use confidential information for their personal advantage.

VI. Competition and Fair Dealing:

Directors, Key Managerial Personnel & Senior Management Personnel are obligated to deal fairly and honestly with each other, the Company's associates and with the

Company's customers, suppliers, competitors and other third parties. They shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing or practice. The Company is committed to free and open competition in the marketplace.

Directors, Key Managerial Personnel & Senior Management Personnel shall avoid actions that could reasonably be construed as being anti - competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace, including antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

VII. General Guidelines of Code of Conduct for Directors, Key Managerial Personnel & Senior Management Personnel

- (1) To Act in the best interests of, and fulfill fiduciary obligations to the Company; act honestly, fairly, ethically and with integrity, conduct in professional, courteous and respectful manner and not take improper advantage of the position of Director etc.;
- (2) To comply with all applicable laws, rules and regulations;
- (3) To act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgement to be subordinated;
- (4) To act in a manner to enhance and maintain the reputation of the company;
- (5) To disclose any personal interest that they may have regarding any matters that may come before the Board and abstain from discussion, voting or otherwise influencing decision on any matter in which the concerned Director has or may have such interest;
- (6) To Respect the confidentiality of information relating to the affairs of the Company acquired in the course of service as Directors, Key Managerial Personnel & Senior Management Personnel, while continuing as such a director etc. and even after ceasing to be such a director etc., for a reasonable period of two years, except when authorised or legally required to disclose such information;
- (7) Avoid using any Company's property or position or information or opportunity received in the capacity as Directors, Key Managerial Personnel & Senior Management Personnel for personal gain, or in a manner that would be detrimental to the Company's interests;
- (8) Abstain from discussion, voting or otherwise influencing decision on any matters that may come before the Board in which they may have a conflict or potential conflict of interest.
- (9) Not to use confidential information acquired in the course of their service as Directors, Key Managerial Personnel & Senior Management Personnel for their personal advantage or for the advantage of any other entity in which they might have a direct or indirect interest, or where they occupy a position of board or executive responsibility with influence over their decisions;
- (10) Help create and maintain a culture of high ethical standards and commitment to compliance.

Independent Directors of the Company shall also adhere to the duties laid down for them under Schedule IV of the Companies Act, 2013 which are set out as follows (subject to any amendment):-

Independent directors shall—

- (1) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) 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;
- (3) Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) Strive to attend the general meetings of the company;
- (6) 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;
- (7) Keep themselves well informed about the company and the external environment in which it operates;
- (8) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) 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;
- (10) 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;
- (11) Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) 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.

A director, Key Managerial Personnel or Senior Management Personnel who has concerns regarding compliance with this Code should raise such concerns with the Chairman of the Board who will deal with the same in due course.

No waiver or suspension of any or all requirements of this Policy, or any modifications of this policy, shall be valid unless approved by the Board and formally recorded in minutes with reasons for such action.

14th February, 2015
Mumbai

For Chembond Chemicals Limited

Sameer V. Shah
Chairman & Managing Director