

BHAGIRADHA CHEMICALS & INDUSTRIES LIMITED

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

Introduction

This code of conduct (“this Code”) shall be called “The Code of Conduct for Board Members and Senior Management Personnel” of Bhagiradha Chemicals & Industries Limited (hereinafter referred to as “the Company”).

This code has been framed specifically in compliance with the provisions of clause 49 of the listing agreement with stock exchanges. The purpose of this code is to enhance further an ethical and transparent process in managing the affairs of the Company.

This code is in addition to and not in derogation with any act, law, rules and regulations, and all other applicable policies and procedures adopted by the Company that governs the conduct of its officers.

This code shall come into force with immediate effect.

Applicability

The code shall be applicable to all the Directors of the Company and the Employees in the Senior Management of the Company, who are one level below the Whole Time Directors, including all the functional heads.

Key Requirements

The Board Members and Senior Management Personnel must act within the authority conferred upon them and in the best interests of the company and observe the following code of conduct:

- **Honesty & Integrity**
Shall act in accordance with the highest standard of honesty, integrity, fairness and ethical conduct while working for the Company as well representing the Company without allowing their independent judgment to be subordinated and fulfill the fiduciary obligations.

- **Conflict of Interest**
 - Shall not involve themselves in making any decision on a subject matter in which a conflict of interest arises or could arise, between the personal interest and the interest of the Company. In the event of apprehending of such conflict of interest, the relevant facts shall be disclosed in writing explaining the circumstances that create or could create the conflicts of interest to: (a) Board of Directors in case of Directors (whole-time & part-time) and (b) Managing Director in case of Senior Management Personnel for further directions in the matter.

- Shall avoid having any personal financial interest in works or contract awarded by the Company.
- Shall avoid any relationship with a contractor or supplier that could compromise the ability to transact business on a professional, impartial and competitive basis or influence decision to be made by the Company.
- **Employment**

Shall not hold any positions or jobs or engage in outside businesses or other interests that adversely affect the performance of duties of the Company. Whole-time Directors and Senior Management Personnel are expected to devote their full attention to the business interest of the Company.
- **Corporate Opportunities**

Shall not exploit for their own personal gain, opportunities that are discovered through company's business, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and Managing Director as the case may be.
- **Gifts & Donations**

Shall not seek or accept or offer directly or indirectly any gifts, donations, remuneration, hospitality, illegal payments, favour in whatsoever form howsoever described by the customers, vendors, consultants, etc., that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, opportunity for committing any fraud.
- **Compliance with Government Laws**

Must comply with all applicable laws, rules and regulation. Officers are expected to have knowledge of legal obligations relating to their duty and to accomplish their tasks in conformity with such obligations.
- **Other Directorship**

Shall not serve as a Director of any other Company that competes with the Company. Whole Time Directors and Senior Management Personnel shall obtain approval of the Chairman prior to accepting Directorship of any other Company.
- **Insider Trading**

Shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the company, not in public domain and therefore constitute insider information. The Board Members and Senior Management Personnel shall make timely disclosures of (i) trading in the shares of the Company, (ii) transactions having personal interest and (iii) related party transactions that are required to be made under laws, rules & regulations and Code for prevention of Insider Trading in the Securities of Bhagiradha Chemicals & Industries Limited.

- **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 Board Members and Senior Management Personnel has 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. No Board Members and Senior Management Personnel shall provide any information either formally or informally, to the press or any other publicity media, unless specifically authorized.

- **Protection of assets**

Shall protect the Company's assets and information and may not use these for personal use, unless authorized to do so.

Enforcement of Code of Conduct

Each Board Member and Senior Management Personnel shall be accountable for fully complying with this code.

Breach of this code, if any, which comes to notice shall be reported to the: (a) Board in case of all Board members and (b) Managing Director in case of Senior Management Personnel.

All Board Members and Senior Management Personnel shall be subject to any internal or external investigation of possible violations of this code.

The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or a suspected violation of law, of this code or other Company policies, or against any person who is assisting in any investigation or process with respect to such violation.

Penalty for breach of this code by Senior Management Personnel shall be determined by the Managing Director. In case of breach of this code by the director's, the same shall be examined by the Board.

Penalty may include serious disciplinary action, removal from office and dismissal as well as other remedies, including recommendations for any of the above penalty to the extent permitted by law and as considered appropriate under the circumstances.

Waiver and Amendments of the code

This Code is subject to modifications and no amendment/waiver of any provision of the Code is possible unless approved by the Board of Directors of the Company.

Insertion of the code in website

As required by clause 49 of the listing agreement this code and any amendments thereto shall be posted on the website of the Company.

Affirmation of compliance of the code

It terms of clause 49 of the listing agreement all Board members and Senior Management Personnel shall within 30 days of close of every financial year affirm compliance with the Code. The Annual Compliance Report shall be forwarded to the Compliance Officer.

Acknowledgement of receipt of the code

All Board Members and Senior Management Personnel shall acknowledge the receipt of this code in the acknowledgement form annexed to this Code indicating that they have received, read and understood, and agreed to comply with the code and send the same to the Compliance Officer.

Place: Hyderabad
Date: 26-12-2005

S. Koteswara Rao
Managing Director

ANNEXURE

Date:

To
The Compliance Officer
Bhagiradha Chemicals & Industries Limited
Plot No. 3, Sagar Society,
Road No. 2, Banjara Hills,
Hyderabad – 500 034

ACKNOWLEDGEMENT

I have received and read the Company's Code of Conduct for Board and Senior Management Personnel. I understand the standards and policies contained in the Code and understand that there may be additional policies or laws specific to my job. I agree to comply with the Code.

I agree to report any violation of the Code immediately as it comes to my knowledge, to the Compliance Officer and to help in any investigation made pursuant to the Code and I understand that the report or the information made by me in this concern shall be maintained in confidence.

Officer's Name
(Designation)