

## Code of Ethics for Board of Directors and Sr. Management

### **1. INTRODUCTION:**

This Code of Ethics (the “Code”) for Directors and Senior Management – (comprising of General Managers, Sr. General Managers, Vice Presidents, Sr. Vice Presidents and above hereinafter referred to as “Officers”) of Smruthi Organics Limited (“the Company”) helps in maintaining and following the standards of business conduct of the Company. The purpose of the Code is to deter wrongdoing and promote ethical conduct in the Company. The matters covered in this Code are of the utmost importance to the Company, its Shareholders and business partners. Further, these are essential so that we can conduct our business in accordance with our stated values.

Ethical business conduct is critical to a business. Accordingly, Directors/Officers of the Company are expected to read and understand this Code, uphold these standards in day-to-day activities, and comply with all applicable laws, rules and regulations and all applicable policies and procedures adopted by the Company that govern the conduct of its employees.

The Board of Directors will approve this code and it would be applicable to each Director as soon as it is approved by the Board. However, in case of Officers, they should sign an acknowledgment form at the end of this Code and return the form to the Company Secretary /Compliance Officer for the purpose of this code indicating that they have received, read and understood, and agreed to comply with the Code.

### **2. HONEST AND ETHICAL CONDUCT:**

Directors shall conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness. Directors will act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgement to be subordinated. Directors will act in the best interests of the Company and fulfill the fiduciary obligations.

Officers shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, which shall be fair, transparent & be perceived as such by third parties, while working on the Company’s premises, at Company sponsored business and social events, or at any other place where the Officers represent the Company.

Honest conduct is understood as such conduct that is ethical, free from fraud or deception and conforming to the accepted professional standards. Ethical conduct means the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

### 3. CONFLICT OF INTEREST:

Directors/Officers must act in the best interest of the Company and must refrain from engaging in any activity or having a personal interest that presents a actual or potential “conflict of interest”.

A conflict of interest occurs when your personal interest interferes, or appears to interfere, with the interest whenever you, as an Director/Officer take action or have an interest that prevents you from performing your Company duties and responsibilities honestly, objectively and effectively.

A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.

Director’s/Officer’s duty to the Company demands that he or she avoids and discloses actual and apparent conflicts of interest.

Examples include:

- a. Employment / Outside employment. In consideration of employment with the Company, Directors/Officers are expected to devote their full attention to the business interests of the Company. Officers are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the interest of the Company. Directors/Officers are prohibited from accepting simultaneous employment with suppliers, customers, developers or competitors of the Company, or from taking part in any activity that enhances or supports a competitor’s position. Additionally, Directors/Officers must disclose to the Company, any interest that they have that may conflict with the business of the Company.
- b. Outside Directorships and employment. It is a conflict of interest to serve as a Director / employee in any other organization which is doing the similar business in which the Company is engaged. Therefore, no Director/Officer of the Company should serve in any other organization as Director /Employee of that organization which is doing the similar business in which the Company is engaged.
- c. Related parties. As a general rule, Director/Officers should avoid conducting Company business with a relative, or with a business entity in which a relative is associated directly or indirectly in any significant role.
- d. Payments or gifts from others. Under no circumstances shall Directors/Officers accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from 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, or opportunity for the commitment of any fraud. However,

inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Questions regarding whether a particular payment or gift violates this policy are to be directed to the Chairman & Managing Director of the Company (CMD). Gifts given by the Company to suppliers or customers, or received from suppliers or customers, should be appropriate to the circumstances and should never be of a kind that could create an appearance of impropriety. The nature and cost must always be accurately recorded in the Company's books and records. The Company will notify a gift policy with the approval of CMD.

- e. Corporate opportunities. Directors/Officers shall not exploit for their own personal gain the opportunities that are discovered through the use of corporate property, access to technical, financial & other price sensitive information or position, unless the opportunity is disclosed fully in writing to the Company.
- f. Other situations. Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. But the guiding principle is that any conflict or potential conflict must be disclosed to the management for guidance and appropriate action.

#### **4. DISCLOSURE :**

The Company's policy is to provide full, fair, accurate, timely, and understandable disclosure in reports and documents that are filed with, or submitted to any outside agency and in other public communications. Accordingly, the Directors/Officers must ensure that they and others in the Company comply with Company's disclosure, controls and procedures, and internal controls for financial reporting.

#### **5. COMPLIANCE WITH GOVERNMENTAL LAWS, RULES AND REGULATIONS/INTERNAL COMPANY POLICIES:**

Ensuing legal and regulatory compliance is the responsibility of the Director/Officer of the Company's. The Company shall not/cannot accept practices which are unlawful or may be damaging to its reputation.

Regardless of how personally ethical and professional an employee is, or how much attention management pays to developing a professional code for the Company, if the Directors/Officers act unprofessionally, they implicitly encourage managers down the line to do the same. The opposite is also true : Directors/Officers who visibly exhibit high professional and ethical standards become role models for others in the organisation and raise its overall level of professional behaviour.

Directors/Officers must comply with all applicable governmental laws, rules and regulations. Officers must acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers, and to know when

to seek advice from the Compliance Officer. Directors/Officers must comply with the Company's internal policies.

**6. CONFIDENTIALITY:**

Directors/Officers must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company that comes to them, from whatever source, in their capacity as Director/Officer, except when disclosure is authorized or legally mandated.

For purposes of this Code, "confidential information" includes all non-public information relating to the Company.

**7. PROTECTION OF ASSETS:**

Directors/Officers must protect the Company's assets, labour and information and may not use these for personal use, unless approved by the Board.

**8. PERIODIC REVIEW:**

Once every year or upon revision of this Code, every Director/Officer must acknowledge and execute an understanding of the Code and an agreement to comply. New Directors/Officers will sign such a deed at the time when their directorship/employment begins.

**9. VIOLATIONS OF THE CODE:**

Directors/ Officer must help enforce this Code. Directors/Officers must cooperate in any internal or external investigations of possible violations. Reprisal, threat, retribution or retaliation against any person who has, in good faith, reported a violation or a suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

The Company will take appropriate action against any Director/Officer whose actions are found to violate the Code or any other policy of the Company, after giving him a reasonable opportunity of being heard. Where laws have been violated, the Company will co-operate fully with the appropriate authorities and regulators.

**10. WAIVERS AND AMENDMENTS OF THE CODE:**

Company is committed to continuously reviewing and updating the policies and procedures. Therefore, this Code is subject to modification. Any amendment/ inclusion or waiver of any provision of this Code shall be approved by the Company's Board of Directors and promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment or waiver.

## Annexure

### Board procedures: -

Sr. No.	Particulars	Remarks
1.	Notice of Board Meeting	<p>The date of meeting will be decided by the Chairman &amp; Managing Director. The Company may give the notice of the Board Meeting at least 10 days in advance by fax/courier. The agenda of the meeting may be sent atleast 7 days in advance through courier. However, supplementary agenda can be forwarded to the Board at any time before the meeting and can also be tabled during the meeting.</p> <p>In cases of urgency the Chairman &amp; Managing Director can always call the meeting by giving only 1 day notice (even by fax also).</p>
2.	Board Meeting  On the advise of Company Secretary/Compliance Officer, the Board Meetings may be called to consider the un-audited / audited accounts as per following details: - 1 <sup>st</sup> Quarter - before 31 <sup>st</sup> July 2 <sup>nd</sup> Quarter - before 31 <sup>st</sup> October 3 <sup>rd</sup> Quarter - before 31 <sup>st</sup> January 4 <sup>th</sup> Quarter - before 30 <sup>th</sup> April	In addition to the Board Meetings mentioned in the first column, the Chairman & Managing Director can call the meetings of the Board for such item(s), approval of which is required on urgent basis or for such purpose as he may thinks fit to call the meeting. .
3.	Resolution by circulation	Can be passed by the Board in terms of the Companies Act, 1956. However, the complete details of such resolutions shall be forwarded to the Board along with the draft resolutions.
4.	Board Agenda items	Departmental Heads of the Company shall submit the agenda item (if any) from the respective department(s) to CMD through the Company secretary/Compliance Officer for approval so that these items can be

	submitted to the Board for considerations.
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5.	CEO/CFO's certifications	<p>The CEO/CFO's of the Company will give the following certificates with regards to the audited / un-audited accounts on quarterly basis, a copy of which will be circulated to the Board.</p> <p>1. Un-audited/ audited results for the Quarter/ year ending _____, 20--.</p> <p>"I/We hereby certify that, to the best of our knowledge and belief:</p> <p>a. We have reviewed the balance sheet and profit and loss account, all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report/ Quarterly accounts. (To the extent applicable in this particular period.)</p> <p>b. These statements do not contain any materially untrue statement or omit any material fact nor do contain statement that might be misleading;</p> <p>c. These statements together present a true and fair view of the Company, and are in compliance with the existing accounting standards and / or applicable laws / regulations;</p> <p>d. We are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the Company; and we have also disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, (and what we have done or proposed to do to rectify these;)</p> <p>e. We have also disclosed to the auditors as well as the Audit Committee, instances of significant fraud, if any , that involves management or employees having a significant role in the Company's internal control systems; and</p> <p>f. We have indicated to the auditors, the</p>
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		<p>Audit Committee and in the notes on accounts, whether or not there were significant changes in internal control and / or of accounting policies during the year/ Quarter.”</p> <p>2. Compliance Certificate</p> <p>“Various statutory laws, rules and regulations which may be applicable to our Company and to the extent they are required to be complied have been complied with for the quarter ended _____, 20--.”</p>
6.	Holding of shares of Smruthi Organics Limited by the Directors	Any change in shareholding of the Company (sale or purchase of shares) shall be disclosed promptly by the Directors.
7.	Price sensitive information	The price sensitive information like un-audited/audited accounts and other agenda items which are sensitive for the pricing of shares will be circulated during the meeting.
8.	Directors will inform the Company about their interest in other companies under section 299 of the Company Act, 1956	The Company will forward the relevant form for notice under this section in the first week of March and Directors will fill that form and return the same to the Company and the Company will place the said forms before the Board in the next Board meeting. However, any changes in the details during the Financial Year will be intimated by the Director of the Company directly from time to time.
9.	The Directors will inform the Company about the compliance of section 274 (1) g of the Companies Act, 1956 (certain compliance of other companies in which the Directors holds the Directorships)	The Company will forward the form and Directors will submit the same to the Company.

<p>10</p>	<p>In addition to the other items the following items may also be submitted before the Board for information / approval from time to time.</p> <ul style="list-style-type: none"> <li>a) Annual operating plans and budgets updates</li> <li>b) Capital budgets and any updates, variance analysis supported by the explanation.</li> <li>c) Quarterly results for the Company</li> <li>d) Minutes of meetings of audit committee and other committees of the Board</li> <li>e) The information on recruitment and remuneration of senior Officers one level below the Board level and appointment or removal of Chief Financial Officer and the Company Secretary/Compliance Officer</li> <li>f) Show cause, demand, prosecution notices and penalty notices which are materially important</li> <li>g) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.</li> <li>h) Any material default in financial obligations to and by the Company, or substantial non receipt for goods sold by the Company</li> <li>i) Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which,</li> </ul>	<ul style="list-style-type: none"> <li>a. The Budget Estimates for next Financial Year and Revised Budgeted estimate may be submitted to the Board in the Board Meeting to be held between 1st January to 31st March in each year.</li> <li>b. Same as above</li> <li>c. Within one month of end of each quarter</li> <li>d. The minutes of the committee meeting will be sent to all the Directors by the Company.</li> <li>e. To be intimated to the Board</li> <li>f. To be intimated to the Board</li> <li>g. To be intimated to the Board</li> <li>h. To be intimated to the Board</li> <li>i. To be intimated to the Board</li> </ul>
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	<p>may have passed strictures on the conduct of the of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.</p> <p>j) Material details of any joint venture or collaboration agreement.</p> <p>k) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.</p> <p>l) Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.</p> <p>m) Sale of material nature, of investments, subsidiaries, fixed assets, which is not in normal course of business.</p> <p>n) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.</p> <p>o) Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.</p> <p>p) Any potential business risks / threats and steps taken / proposed to mitigate the same ( Fraud, IPR threats, IT security lapses etc)</p> <p>q) Any major market reports / news</p>	<p>j. To be intimated to the Board</p> <p>k. To be intimated to the Board</p> <p>l. To be intimated to the Board</p> <p>m. To be intimated to the Board</p> <p>n. Details to be given in the quarterly / annual accounts</p> <p>o. To be intimated to the Board</p> <p>p. To be intimated to the Board</p> <p>q. To be intimated to the Board</p>
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