

# **MASTER CHEMICALS LIMITED**

**CIN: L99999MH1980PLC022653**

**Code of Conduct for the Board of Directors and the**

**Senior Management Personnel**

**[as per SEBI (Listing Obligations and Disclosure Requirements) Regulations,**  
**2015]**

## Overview

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### Preface

This Code of Conduct for the Board of Directors and the Senior Management Personnel (hereinafter referred to as "the Code") has been framed and adopted by Master Chemicals Limited (hereinafter referred to as "the Company ") on September 07<sup>th</sup> August 2019. The subject Code complies with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Code is intended to provide guidance to the Board of Directors and Senior Management Personnel to manage the affairs of the company in an ethical manner. The purpose of this code is to recognize and emphasis upon the ethical behavior and to develop a culture of honesty and accountability.

This Code of Conduct attempts to set forth the guiding principles on which the Company and its Board and Senior Management shall operate and conduct themselves with multitudinous stakeholders, government and regulatory agencies, media and anyone else with whom it is connected.

### Definitions

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In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning as defined below:

"**Board/Directors**" shall mean the Board of Directors of the Company.

"**Company**" shall mean Master Chemicals Limited (MCL)

"**Conflict of Interest**" means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

"**Independent Directors**" shall mean an Independent Director as per the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time)

"**Non - Executive Directors**" shall mean the Directors who are not in whole time employment of the Company.

"**Senior Management Personnel**" shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this shall comprise all members of management one level below the Executive Directors, including all functional heads.

## **Applicability**

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This Code shall be applicable and binding to the Board of Directors and the Senior Management Personnel of the Company.

The Directors and Senior Management Personnel should continue to comply with other applicable / to be applicable policies, rules and procedures of the Company.

## **Principles of the Code**

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The Board of Directors and the Senior Management Personnel of the Company shall act within the authority conferred upon them, in the best interests of the Company and observe the following:

- The Board of Directors and the Senior Management Personnel shall act honestly, ethically, in good faith and in the best interest of the Company and to fulfill their fiduciary obligations.
- Whilst carrying out the duties, the Board of Directors and the Senior Management Personnel shall ensure that it is executed in terms of the authorizations granted and within the limits prescribed under the relevant policies, codes, guidelines and other directives issued by the Board of Directors or Committee of Directors of the Company, from time to time.
- The Board of Directors and the Senior Management Personnel shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favors for the conduct of its business except accepting a gift or entertainment if warranted by the accepted ethical customs and practices.
- The Board of Directors and the Senior Management Personnel shall refrain from indulging in any discriminatory practice or behavior based on race, colour, sex, age, religion, ethnic or national origin, disability or any other unlawful basis. The ethical conduct, performance and skills shall be the qualifying indicatives for an employee's performance.
- The Board of Directors and the Senior Management Personnel shall conduct themselves in a professional, courteous and respectful manner and shall not take any improper advantage of their position.
- The Board of Directors and the Senior Management Personnel shall use the Company's assets, property, proprietary information and intellectual rights for business purposes of the Company and not for any personal benefits or gains.
- The Board of Directors and the Senior Management Personnel shall maintain confidentiality of the information that is entrusted upon them for carrying on their respective responsibilities and duties and shall not use the same for personal benefit or gains.

- Any transaction falling under the definition of related party transactions as per the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as detailed in the Related Party Transaction Policy of the Company must be entered into by the Director or the Senior Management Personnel only after obtaining prior approval of the Board or any Committee thereof.

## **Compliance**

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- The Board of Directors and the Senior Management Personnel shall ensure compliance of various legal/regulatory requirements as applicable to the business of the Company and Endeavour that before any directions are given or decisions taken, relevant legal/regulatory requirements are taken into account.

- The Board of Directors and the Senior Management Personnel shall report concerns about unethical behavior, actual or suspected instances of fraud, misconduct or irregularity or failure of internal control system, likely to impact the business interest of the Company or any other information that may be perceived to be violating any legal/regulatory requirements as per the Whistle-blower Policy of the Company

- The Board of Directors and the Senior Management Personnel shall comply with all laws, rules, and regulations governing trading in the shares of the Company and the Company's Code of Conduct for Prohibition of Insider Trading in dealing with the securities of the Company which, inter-alia, prohibits buying or selling of the Company's securities on the basis of any unpublished price sensitive information and prohibits disclosure of such information to any other person (including relatives) where such information may be used by such person for his or her personal benefit or gain.

- Any transaction falling under the definition of related party transactions as per the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as detailed in the Related Party Transaction Policy of the Company must be entered into by the Director or the Senior Management Personnel only after obtaining prior approval of the Board or any Committee thereof.

## **Conflict of Interests**

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- The Board of Directors and the Senior Management Personnel shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company and shall not engage any of its relative(s), or any other person or entity, for the purposes of circumventing the personal interest involved.

- The Board of Directors and the Senior Management Personnel shall not take up any position or engagement that may be prejudicial to the interest of the Company.

- Senior Management Personnel shall not take up any outside employment.

## **Duties of the Directors of the Company**

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The Companies Act, 2013 significantly specifies certain duties and responsibilities of the Directors of the Company. While the list of duties as per the provisions of the Companies Act, 2013 has been enumerated below, it should however, by no means be considered to be exhaustive:

- The Directors shall devote sufficient time and attention to professional obligations for informed and balanced decision making.
  - The Directors shall act in accordance with the articles of association of the company and 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.
  - The Directors shall have a clear understanding of the aims and objectives, capabilities and capacity and various policies of the Company.
  - The Directors shall exercise their duties with due and reasonable care, skill and diligence.
  - The Directors shall be required to intimate the change in the directorships held within thirty days of such change.
  - The Directors shall bring an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standard of conduct and an objective view in the evaluation of the performance of the Board and the Management.
  - The Directors shall ensure that the integrity of financial information and those financial controls and the systems of risk management are robust and defensible.
  - The Directors shall seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice.
  - The Directors shall strive to attend and participate constructively & actively, in all general meetings, meetings of the Board and its committees of which they are Chairman or member.
  - The Directors shall not assign his office of director of the company to another person.
  - The Directors shall ensure that adequate deliberations are held before approving related party transactions and shall assure themselves that the same are in the best interest of the company.
- Along with appointment/reappointment process, evaluation mechanism and requirement for separate meetings of Independent Directors, which is appended as Annexure I to this Code.

## **Amendment to the Code**

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The provisions of this Code can be amended or modified by the Board of Directors from time to time and all such amendments/modifications shall take effect from the date stated therein.

### **Additional Responsibilities Of Directors**

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Be a positive role model and support your team members by:

- a. Creating an environment that is respectful and inclusive.
- b. Encouraging them to speak up.
- c. Listening and responding to concerns when they are raised.
- d. Doing your part to make sure that no one experiences retaliation for speaking up or cooperating in an investigation.
- e. Help your team members understand the requirements of our Code and applicable laws.
- f. Be consistent when enforcing our requirements and holding people accountable for their behavior at work.

### **Zero tolerance on retaliation**

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We consider acts of retaliation to be misconduct. Retaliation can take many forms, for example: threats, intimidation, exclusion, humiliation, and raising issues maliciously or in bad faith. If you think that you or someone you know has experienced retaliation, contact any of the resources mentioned as per “How you can speak up”.

### **Speak up**

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Each of us has a responsibility to speak up if we see something unsafe, unethical or potentially harmful. If you have a question, need help or want to raise a concern you have several options.

### **The guidelines of professional conduct for Independent Directors**

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An Independent Director shall:

- a. Uphold ethical standards of integrity and probity;
- b. Act objectively and constructively while exercising his duties;
- c. Exercise his responsibilities in a bona fide manner in the interest of the company;
- d. Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e. 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;

f. Not abuse his position to the detriment of the company or its share holders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

g. Refrain from any action that would lead to loss of his independence;

h. Where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board immediately; and

i. Assist the company in implementing the best corporate governance practices.

### **Duties of Independent Directors**

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An Independent Director shall:

a. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

b. 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;

c. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

d. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;

e. Strive to attend the general meetings of the company;

f. 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;

g. Keep them well informed about the company and the external environment in which it operates;

h. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

i. 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;

j. 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;

k. Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

l. Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

m. 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.

## **Code of Conduct as applicable to all the Directors and Members of the Senior Management**

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The Board of Directors and the Senior Management shall follow the following Code of Conduct. They shall:

- a. Use due care and diligence in performing their duties of office and in exercising their powers attached to that office;
- b. Act honestly and use their powers of office, in good faith and in the best interests of Master Chemicals Limited as a whole;
- c. Not make improper use of information nor take improper advantage of their position as a Director;
- d. Not allow personal interests to conflict with the interests of Master Chemicals Limited;
- e. Recognize that their primary responsibility is to Master Chemicals Limited shareholders as a whole but they should (where appropriate) have regard for the interests of all stakeholders of Master Chemicals Limited;
- g. Be independent in judgment and actions, and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors; and
- h. Ensure the confidentiality of information they receive whilst being in office of Director and is only disclosed if authorized by the company, or the person from whom the information is provided, or as required by law.

The above Code has been duly approved by the Board of Directors and as and when any changes are called for due to subsequent amendments in the statute or in the listing agreement, these shall be duly incorporated after approval by the Board.

The above Code shall also be posted on the Company's web site for information of the stake holders of the Company.

### **Whistle blower reporting**

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The company acknowledges and understands that whistle blowing is an activity which is stressful and which, without appropriate protections, can be a risky undertaking for an Employee.

The intent of this section is to:

Provide a mechanism for reporting actual or potential unethical conduct to a designated authority for investigation and appropriate action;

Protect those Employees who report unethical conduct in accordance with this section from undue negative repercussions;

And protect those who may be wrongly or falsely accused through effective investigation procedures.



Whistle blowing is the reporting by Employees, contractors or Board Members of incidents of unethical conduct that are under the control of their employer, to persons or organizations that may be able to take action to address the unethical conduct. Whistle blowing includes any incident of unethical conduct or violation of the Code.

## **Reporting and investigations**

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The company is responsible for jointly leading all internal investigations into real or suspected unethical conduct or violation of the Code. Findings related to an investigation that is financial in nature will also be reported to the Audit Committee.

When making a report you should try to include or be able to provide the following: the details of the situation, the person(s) involved, how frequent the unethical conduct or violation of Code has occurred or is still occurring, any other avenues that you may have taken to try and rectify the problem, and your contact information (if you are comfortable in providing this).

If you are aware of real or suspected unethical conduct or a violation of the Code, you have a responsibility to report and you have a number of options for reporting the occurrence:

**Talk to your manager-** If you feel comfortable making a report to your manager or another manager/director this is always an option.

**Make report-** If you suspect or know of unethical conduct or violation of the Code at company you may submit a report to either of these people in person, by email, telephone or anonymously in writing.

**Report on the website-** If for any reason you feel uncomfortable making a direct report to the website i.e [www.masterchemicals.in](http://www.masterchemicals.in). Your identity will be protected and the unethical conduct or violation of the Code can still be investigated and dealt with.