

## Letter of Appointment

Date: {.....}

Name: {.....}

Address: {.....}

**Dear {.....},**

We are pleased to inform you that the Board of Directors (Board) of the Company at its meeting held on ....., have appointed you as an Independent Director of the Company pursuant to the Companies Act, 2013 (the 'Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), subject to the approval of the Members of the Company at the ensuing Annual General Meeting. As per the requirements of the Act, the above is being formalized through this letter of appointment.

### **Appointment:**

Your appointment is for a term of five consecutive years **w.e.f. ...**, subject to the retirement policy for the Directors. This appointment is subject to your meeting the criteria for being an Independent Director and not being disqualified to be a Director under the Act and Listing Regulations as may be amended from time to time.

### **Compensation/Remuneration:**

In consideration of your agreeing to be an Independent Director of the Company, you will be entitled to the remuneration as listed below:

1. Sitting fee per meeting of the Board and Committees of the Board attended by you;
2. Commission as may be approved by the Board of Directors; and
3. Reimbursement of expenses incurred by you, in connection with your attendance at the Board and Committees meetings.

The details in respect of the above are as per **Annexure - A** to this letter.

### **Directors' and Officers' Liability Insurance:**

The Company will cover you under the terms of the Directors' and Officers' Liability Insurance Policy at all times. The brief extracts of the said Policy are as per **Annexure - B** to this letter.

### **Codes of Conduct:**

You will please follow the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and Code of Fair Disclosure of Unpublished Price Sensitive Information and the requirements under the Act and SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

You shall please comply with the relevant provisions of the Code of Conduct of the Company and the Code of Conduct for Independent Directors as set out in Schedule IV to the Act, and any modifications/revisions thereto from time to time. A copy of the said Codes are as per **Annexure - C** to this letter.

**Acceptance of Appointment:**

We are confident that the Board and the Company will benefit immensely from your rich experience and are very pleased to have you as an integral part of the future of our Company.

We request you to please sign and return the enclosed copy of this letter.

Yours sincerely  
For **Blue Star Limited**

\_\_\_\_\_  
**Name:** {.....}  
**Designation:** {.....}

I have read and agree to the above terms regarding my appointment as an Independent Director.

**Signature** : \_\_\_\_\_

**Name** : {.....}

**DIN** : {.....}

**Date** : {.....}

**Place** : {.....}

**Details of the remuneration paid to Independent Directors****1. Sitting Fees:**

As per the provisions of the Act, the company may pay sitting fees to directors for attending the meetings of board/committees at a fee decided by the board of directors not exceeding Rupees One Lakh per meeting.

The Company pays sitting fees to the Directors within the limit prescribed under the Act.

**2. Commission:**

The Company pays commission to Directors from time to time as decided and approved by the Board of Directors.

**Extracts of the terms of the Directors' and Officers'  
Liability Insurance Policy**

Particulars	Details		
Insurer			
Companies covered			
Policy period			
Territory			
Risks covered	Limit of liability	Anyone Claim and in the aggregate for all Claims	
	Sub-limit of liability	Bodily Injury & Property Damage Defence Costs (inclusive of the Limit of Liability)	
	Non-Executive Directors protection	Excess Limit: Separate aggregate limit for each non-executive director of the Policyholder	
Exclusions	<ul style="list-style-type: none"> <li>• Conduct arising out of, based upon or attributable to:               <ul style="list-style-type: none"> <li>(i) the gaining of profit or advantage to which the Insured was not legally entitled; or</li> <li>(ii) the committing of any deliberately dishonest or deliberately fraudulent act.</li> </ul> </li> <li>• Prior Claims and Circumstances arising out of, based upon or attributable to:               <ul style="list-style-type: none"> <li>(i) facts alleged or the same or related Wrongful Act(s) alleged or contained in any Claim; or</li> <li>(ii) any pending or prior civil, criminal, administrative or regulatory proceeding, investigation, arbitration or adjudication as of the Continuity Date.</li> </ul> </li> <li>• Bodily Injury and Property Damage for Bodily Injury and/or Property Damage, provided however; that any Claim for emotional distress shall not be excluded with respect to an Employment Practice Violation.</li> <li>• Damage Defence Costs or any Insured Person's Loss in respect of any proceeding for a gross breach of duty causing the death of a person.</li> <li>• US Claims Brought by Insureds arising out of, based upon or attributable to any US Claim which is brought by or on behalf of any:               <ul style="list-style-type: none"> <li>(i) Insured; or</li> <li>(ii) Outside Entity in which an Insured Person serves or served as an Outside Entity Director.</li> </ul> </li> </ul>		

**CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING,  
MONITORING AND REPORTING OF TRADING BY INSIDERS AND CODE OF FAIR  
DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

**(Effective from May 15, 2015)**

**(Amended on March 5, 2019)**

**Objective:** To codify a set of rules to be followed by the Company and its Designated Persons and to formulate policy, procedures and monitoring adherence to the rules.

## 1. Definitions

- 1.1 “**Act**” means the Securities and Exchange Board of India Act, 1992.
- 1.2 “**Board**” means the Board of Directors of the Company from time to time.
- 1.3 “**Code**” or “**Code of Conduct**” shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders and code of fair disclosure of unpublished price sensitive information of BLUE STAR LIMITED as amended from time to time.
- 1.4 “**Company**” means BLUE STAR LIMITED.
- 1.5 “**Compliance Officer**” means the Company Secretary or such other senior officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations designated so and reporting to the Board of Directors and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of the Company.

For the purpose of the above definition, “financially literate” shall mean a person who has the ability to read and understand basic financial statements, i.e. balance sheet, profit and loss account, and statement of cash flows.

- 1.6 “**Connected Person**” means:
- (i) any person who is or has during the six months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Company or holds any position including a professional or business relationship between himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to UPSI or is reasonably expected to allow such access.
  - (ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,
    - (a) an immediate relative of connected persons specified in clause (i); or
    - (b) a holding company or associate company or subsidiary company; or
    - (c) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
    - (d) an investment company, trustee company, asset management company or an employee or director thereof; or



- (e) an official of a stock exchange or of clearing house or corporation; or
- (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
- (g) a member of the Board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
- (h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- (i) a banker of the Company; or
- (j) a concern, firm, trust, hindu undivided family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.

1.7 **“Dealing in Securities”** means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company either as principal or agent.

1.8 **“Designated Persons”** shall include :

- (i) Promoters and Promoters Group of the Company
- (ii) Directors of the Company
- (iii) Employees in the pay grade M-9 and above of the Company and its material subsidiaries
- (iv) Managing Director/Chief Executive Officer of the Company and its material subsidiaries and employees up to two levels below such Managing Director/Chief Executive Officer
- (v) Employees in Corporate Financial Services and Secretarial/Legal/ Compliance Function, Corporate Communication and Marketing Functions and Information Technology Function
- (vi) Any other person as may be determined and informed by the Compliance Officer from time to time
- (vii) Immediate Relatives of (i) to (vi) above.

1.9 **“Director”** means a member of the Board of Directors of the Company.

1.10 **“Employee”** means every employee of the Company including the Directors in the employment of the Company.

1.11 **“Generally available information”** means information that is accessible to the public on a non-discriminatory basis.

1.12 **“Immediate Relative”** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.

**“Insider”** means any person who,

- (i) a connected person; or
- (ii) in possession of or having access to UPSI .



- 1.13 **"Key Managerial Person"** means a person as defined in Section 2(51) of the Companies Act, 2013 including any amendment or modification thereof.
- 1.14 **"Promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.
- 1.15 **"Promoter Group"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
- 1.16 **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof except units of a mutual fund.
- 1.17 **"Takeover Regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.
- 1.18 **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- 1.19 **"Trading Day"** means a day on which the recognized stock exchanges are open for trading.
- 1.20 **"Unpublished Price Sensitive Information"** or **"UPSI"** means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:
- (i) financial results;
  - (ii) dividends;
  - (iii) change in capital structure;
  - (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - (v) changes in key managerial personnel; and
  - (vi) Such other information as may be specified by the Compliance Officer for this purpose.
- 1.21 **"Regulations"** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

Words and expressions used and not defined in this Code but defined in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.



## **2. Role of Compliance Officer**

- 2.1 The Compliance Officer shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee, or to the Chairman of the Board of Directors at such frequency as may be stipulated by the Board of Directors.
- 2.2 The Compliance Officer shall assist all Employees in addressing any clarifications regarding the Regulations and the Company's Code of Conduct.

## **3. Preservation of UPSI**

- 3.1 All information shall be handled within the Company strictly on a need-to-know basis, and no UPSI shall be communicated to any person except in furtherance of the legitimate purposes, the performance of duties or discharge of legal obligations.

UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

- an obligation to make an open offer under the Takeover Regulations where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company; or
- not attracting the obligation to make an open offer under the Takeover Regulations but where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company and the information that constitute UPSI is disseminated to be made generally available at least 2 (two) trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.

However, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties, and such parties shall keep information so received confidential, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of UPSI.

The Board of Directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under the Regulations along with the Permanent Account Number or any other identifier authorized by law where the Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

The gap between the clearance of accounts by the Audit Committee and the Board Meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.



### 3.2 Need to Know:

- (i) “need to know” basis means that UPSI should be disclosed only to those within the Company who need the information to discharge their duty, perform any legal obligation and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
- (ii) All non-public information directly received by any employee should immediately be reported to the head of the department.

### 3.3 Limited access to confidential information

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc.

## 4. Prevention of misuse of UPSI

The Designated Persons shall be governed by an internal code of conduct governing dealing in securities.

### 4.1 Trading Plan

An Insider shall be entitled to formulate a trading plan for dealing in securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

### 4.2 Trading Plan shall

- (i) not entail commencement of trading on behalf of the Insider earlier than 6 (six) months from the public disclosure of the plan;
- (ii) not entail trading for the period between the 20<sup>th</sup> (twentieth) trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;
- (iii) entail trading for a period of not less than 12 (twelve) months;
- (iv) not entail overlap of any period for which another trading plan is already in existence;
- (v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
- (vi) not entail trading in securities for market abuse.

### 4.3 The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.

Provided that pre-clearance of trades shall not be required for a trade executed as per an approved Trading Plan.

Provided further that the Trading Window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

- 4.4 The Trading Plan once approved shall be irrevocable, and the Insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the Trading Plan.

However, the implementation of the Trading Plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any UPSI and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such UPSI becomes generally available information.

- 4.5 Upon approval of the Trading Plan, the Compliance Officer shall notify the Plan to the stock exchange(s) on which the securities are listed.

## **5. Information to be provided by the Designated Persons**

The Designated Persons shall be required to disclose name(s) and the Permanent Account Number or any other identifier authorized by the law of the following persons to the Company on an annual basis, and as and when the information changes:

- (a) Immediate relative(s);
- (b) Persons with whom such Designated Person(s) shares a material financial relationship;  
and
- (c) Phone, mobile and cell numbers which are used by them.

In addition, the names of educational institution(s) from which the Designated Persons have graduated and names of their past employers shall also be disclosed on a one-time basis.

The term “Material Financial Relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% (Twenty five per cent) of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

## **6. Trading Window and Window Closure**

- 6.1 (i) The trading period, i.e. the trading period of the stock exchanges, called ‘trading window’, is available for trading in the Company’s securities.
- (ii) The trading window shall be, *inter alia*, closed 7 (Seven) days prior to and during the time UPSI is published. In respect of declaration of the financial results, the trading window shall remain closed from the day when the notice convening the Board meeting to consider and approve the financial results of the quarter, half year or financial year, as the case may be, is given to the stock exchanges and till 48 (Forty eight) hours after the results are communicated to the stock exchanges after the meeting.



- (iii) When the trading window is closed, the Designated Persons shall not trade in the Company's securities in such period.
  - (iv) All Designated Persons shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the Company's securities during the periods when the trading window is closed, as referred to in Point No. (ii) above or during any other period as may be specified by the Company from time to time.
  - (v) In the case of Employee Stock Options Plans, an exercise of the option is not permitted during the period when the trading window is closed. The provisions of this Code will apply to the exercise of options and trading in the shares allotted out of the vested stock options.
- 6.2 The Compliance Officer shall intimate the closure of trading window to all the Designated Persons of the Company when he determines that a designated person or class of designated persons can reasonably be expected to have possession of UPSI. Such closure shall be imposed in relation to such securities to which such UPSI relates.
- 6.3 The Compliance Officer after taking into account various factors including UPSI in question becoming generally available and being capable of assimilation by the market shall decide the timing for reopening of the trading window, however, in any event, it shall not be earlier than 48 (Forty eight) hours after the information becomes generally available.
- 6.4 The Trading window period can be made applicable from the end of every quarter till 48 (Forty eight) hours after the declaration of financial results.

## **7. Pre-clearance of trades**

All Designated Persons, who intend to deal in the securities of the Company when the Trading Window is opened and if the value of the proposed trades, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs 10,00,000 (Rupees Ten lakhs only) (market value), should pre-clear the transaction. However, no Designated Person shall be entitled to apply for pre-clearance of any proposed trade if such Designated Person is in possession of UPSI even if the trading window is not closed and hence he shall not be allowed to trade. The pre-dealing procedure shall be hereunder:

- (i) An application may be made in the prescribed Form (Annexure 1) to the Compliance officer indicating the estimated number of securities that the Designated Person intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the Company in this behalf.
- (ii) An undertaking (Annexure 2) shall be executed in favour of the Company by such Designated Person incorporating, inter alia, the following clauses, as may be applicable:
  - (a) That the Designated Person does not have any access or has not received UPSI up to the time of signing the undertaking.



- (b) That in case the Designated Person has access to or receives UPSI after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.
  - (c) That he/she has not contravened this Code.
  - (d) That he/she has made a full and true disclosure in the matter.
- (iii) The Compliance Officer shall either clear the requested trade or decline to clear the requested trade within 3 (Three) working days from the receipt of the application (duly completed in all respects) in the prescribed form. (Annexure 3).

In case the Compliance Officer declines to clear the requested deal, he shall assign reasons in writing for doing so. If the designated person doesn't receive any response from the Compliance Officer within the aforesaid period of 3 (Three) working days, the requested deal can be deemed to have been cleared by the Compliance Officer.

- (iv) All Designated Persons shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. The Designated Persons shall file within 2 (two) days of the execution of the deal, the details of such deal with the Compliance Officer in the prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed. (Annexure 4).
- (v) If the order is not executed within 7 (seven) trading days after the approval is given, the Designated Person must pre-clear the transaction again.
- (vi) All Designated Persons who buy or sell any number of shares of the Company shall not enter into an opposite transaction, i.e. sell or buy any number of shares during the next 6 (six) months following the prior transaction. All Designated Persons shall also not take positions in derivative transactions in the shares of the Company at any time. In case of any contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

Provided that the above is not applicable for trade(s) pursuant to the exercise of stock option(s).

In case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 (Thirty) days. The holding period would commence when the securities are actually allotted.

- (vii) The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading window is closed.

## **8. Other Restrictions**

- 8.1 The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- 8.2 The disclosures of trading in securities shall also include trading in derivatives of securities, and the traded value of the derivatives shall be taken into account for purposes of this Code. Provided that the trading in derivatives of securities is permitted by any law for the time being in force.
- 8.3 The disclosures made under this Code shall be maintained for a period of 5 (Five) years.

## **9. Reporting Requirements**

### **Initial Disclosure**

- 9.1 Every Promoter, member of the Promoter Group, Key Managerial Personnel, Directors of the Company, within 30 (Thirty) days of the Regulations taking effect shall forward to the Company the details of all holdings in securities of the Company presently held by them including the statement of holdings of immediate relatives in the prescribed Forms (Annexure 5).
- 9.2 Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter shall disclose his holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a promoter. Annexure 6

### **Continual Disclosures**

- 9.3 Every Promoter, Employee and Director of the Company shall disclose to the Company in Annexure 7, the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs 10,00,000 (Rupees Ten lakhs only).

The disclosure shall be made within 2 working days of:

- (a) the receipt of intimation of allotment of shares, or
- (b) the acquisition or sale of shares or voting rights, as the case may be.

- 9.4 The Compliance Officer may after considering the facts, circumstances and appropriateness, require the connected person or class of connected persons to whom the Company has to provide UPSI in the course of its business, to furnish the details of holdings and trading in securities of the Company.

## **10. Disclosure by the Company to the Stock Exchange(s)**

- 10.1 Within 2 (Two) trading days of the receipt of intimation under Clause 8.3, the Compliance Officer shall disclose to all Stock Exchanges on which the Company is listed, the information received.
- 10.2 The Compliance Officer shall maintain records of all the declarations in the appropriate form given under the Regulations for a minimum period of 5 (Five) years.

## **11. Dissemination of UPSI**

- 11.1 No information shall be passed by Designated Persons by way of making a recommendation for the purchase or sale of securities of the Company.
- 11.2 Disclosure/ dissemination of UPSI with special reference to analysts, media persons and institutional investors:

The following guidelines shall be followed while dealing with analysts and institutional investors:

- Only public information to be provided.
- At least 2 (Two) Company representatives must be present at meetings with analysts, media persons and institutional investors.
- Unanticipated questions may be taken on notice and a considered response given later. If the answer includes UPSI, a public announcement should be made before responding.
- Simultaneous release of information after every such meet.

## **12. Procedure and penalty**

- 12.1 Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).
- 12.2 The Designated Persons shall also observe the duties and responsibilities attached to the receipt of Inside Information, failing which they shall be liable for misuse or unwarranted use of such information.
- 12.3 An inquiry in case of a leak or suspected leak of UPSI shall be carried out in accordance with the procedure specified in the Whistle Blower Policy of the Company
- 12.4 Any Designated Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalised, and appropriate action may be taken by the Company.
- 12.5 Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery, clawback, ineligibility for future participation in employee stock option plans, etc.



The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.

### **13. Code of Fair Disclosure**

A code of practices and procedures for fair disclosure of UPSI for adhering each of the principles is set out below:

- 13.1 Prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available. It has to be ensured that before dissemination of such information, necessary details/ copy of the press release should be furnished to the Compliance Officer who needs to inform to the Stock Exchange(s) about the same. Necessary confirmation should be obtained from the Compliance Officer about such disclosure to the Stock Exchange(s) before the same is made public.
- 13.2 Uniform and universal dissemination of UPSI to avoid selective disclosure.
- 13.3 Designation of a senior officer as a chief investor relations officer to deal with the dissemination of information and disclosure of UPSI.
- 13.4 Prompt dissemination of UPSI that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- 13.5 Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- 13.6 Ensuring that information shared with analysts and research personnel is not UPSI.
- 13.7 Developing the best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website of the Company to ensure official confirmation and documentation of disclosures made.
- 13.8 Handling of all UPSI on a need-to-know basis.
- 13.9 Determination of Legitimate Purpose

The term “legitimate purpose” shall include sharing of UPSI in the ordinary course of business by the Insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the Regulations.

Any person in receipt of UPSI pursuant to the legitimate purpose shall be considered an insider for purposes of the Regulations and due notice shall be given to such persons to maintain the confidentiality of such UPSI in compliance with the Regulations.





**ANNEXURE 1**

**SPECIMEN OF APPLICATION FOR PRE-DEALING APPROVAL**

**From:**  
**Name:**  
**Address:**  
**\*Designation:**  
**\*Employee No.:**  
**\*(applicable to employees only)**

The Compliance Officer  
**Blue Star Limited**  
Mumbai  
Date:

Dear Sir,

**Sub: Application for preclearance of trades**

\*I/My immediate relative, \_\_\_\_\_(name of relative), intend to deal in equity shares of the Company and hereby seek approval for pre-clearance of the trade.

The particulars of intended trade are as under:

S.No.	Details of the Proposed Trade	Information provided by Declarant
1	Number of shares proposed to be traded	
2	Demat Account Details	DPID. : Client ID.:
3	Nature of Trade	* Buy / Sale
4	The Depository for this trade	* NSDL / CSDL
5	The trade is proposed to be carried out by	Myself / My immediate relatives
6	My / My immediate relatives' current holding	
7	Proposed date of dealing in securities	

I enclosed herewith an undertaking, duly signed by me for the above purpose.

*\* Mention requested details*



I / My immediate relatives are aware that I / We have to execute the trade in respect of securities of the company within one week after the approval of pre-clearance is given. If the order is not executed within the aforesaid period after the approval is given, I/We would have to pre-clear the transaction again.

Thanking you,

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**ANNEXURE 2**

**FORMAT OF UNDERTAKING TO BE ACCOMPANIED  
WITH THE APPLICATION FOR PRE-CLEARANCE**

**UNDERTAKING**

To,  
**Blue Star Limited,**  
Mumbai

I, \_\_\_\_\_, \_\_\_\_\_ of the Company residing at \_\_\_\_\_, am desirous of dealing in \_\_\_\_\_ \* shares of the Company as mentioned in my application dated \_\_\_\_\_ for pre-clearance of the transaction.

I further declare that I am not in possession of or otherwise privy to any UPSI (as defined in the Company's Code of Conduct for prevention of Insider Trading (the Code) up to the time of signing this Undertaking.

In the event that I have access to or received any information that could be construed as "Price Sensitive Information" as defined in the Code, after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Code as notified by the Company from time to time.

I undertake to submit the necessary report within four days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I shall execute the deal within 7 days of the receipt of approval failing which I shall seek pre-clearance.

I declare that I have made full and true disclosure in the matter.

Date :

Signature :

\_\_\_\_\_

*\* Indicate number of shares*



**ANNEXURE 3**

**FORMAT FOR PRE- CLEARANCE ORDER**

To,  
Name : \_\_\_\_\_  
Designation : \_\_\_\_\_  
Place : \_\_\_\_\_

This is to inform you that your request for dealing in \_\_\_\_\_ (nos) shares of the Company as mentioned in your application dated \_\_\_\_\_ is approved. Please note that the said transaction must be completed on or before \_\_\_\_\_ (date) that is within 7 days from today.

In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek fresh pre-clearance before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the attached format within 2 days from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours faithfully,  
For **Blue Star Limited**

**Compliance Officer**

Date : \_\_\_\_\_

Encl : Format for submission of details of the transaction



**ANNEXURE 4**

**FORMAT FOR DISCLOSURE OF TRANSACTIONS**

*(To be submitted within 2 days of transaction / dealing in securities of the Company)*

To,  
The Compliance Officer,  
**Blue Star Limited,**  
Mumbai

I hereby inform that I

- have not bought / sold/ subscribed any securities of the Company
- have bought/sold/subscribed to \_\_\_\_\_ securities as mentioned below on \_\_\_\_ (date)

<b>Name of holder</b>	<b>No. Of securities dealt with</b>	<b>Bought/sold/subscribed</b>	<b>DP ID/Client ID / Folio No</b>	<b>Price (Rs.)</b>

In connection with the aforesaid transaction(s), I hereby undertake to preserve, for a period of 3 years and produce to the Compliance officer / SEBI any of the following documents:

1. Broker's contract note.
2. Proof of payment to/from brokers.
3. Extract of bank passbook/statement (to be submitted in case of demat transactions).
4. Copy of Delivery instruction slip (applicable in case of sale transaction).

I agree to hold the above securities for a minimum period of six months. In case there is any urgent need to sell these securities within the said period, I shall approach the Compliance Officer for necessary approval. *(applicable in case of purchase / subscription).*

I declare that the above information is correct and that no provisions of the Company's Code and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).



## ANNEXURE 5

### FORMAT FOR INITIAL DISCLOSURE OF SECURITIES

**SEBI (Prohibition of Insider Trading) Regulations, 2015**  
**[Regulation 7 (1) (a) read with Regulation 6 (2) – Initial disclosure to the company]**

**Name of the Company** : Blue Star Limited

**ISIN of the Company** : INE472A01039

#### **Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person (Promoters/Key Managerial Personnel/ Immediate relatives/others etc.)	Securities held as on the date of regulation coming into force		% of Shareholding
		Type of security (For eg.- Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

#### **Details of Open Interest (OI) in derivatives of the company held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Open Interest of the Future Contracts held as on the date of coming into force			Open Interest of the Option contracts held as on the date of regulation coming into force		
Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
6	7	8	9	10	11

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options.

Name & Signature:

Designation:

Date:

Place:

**ANNEXURE 6**

**FORMAT TO BE GIVEN ON APPOINTMENT OF KEY MANAGERIAL PERSONNEL (“KMP”) OR DIRECTOR OR UPON BECOMING A PROMOTER OF A LISTED COMPANY AND OTHER SUCH PERSONS AS MENTIONED IN REGULATION 6(2)**

**SEBI (Prohibition of Insider Trading) Regulations, 2015  
[Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a Director/ KMP/ Promoter]**

**Name of the Company** : Blue Star Limited

**ISIN of the Company** : INE472A01039

**Details of Securities held on the appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person (Promoters/KMP/ Directors/immediate relatives/other etc)	Date of appointment of Director / KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding
			Type of security (For, eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

**Note:** “Securities” shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of Open Interest (OI) in derivatives of the company held on the appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Open Interest of the Future Contracts held as on the date of coming into force			Open Interest of the Option contracts held as on the date of regulation coming into force		
Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms



**BLUE STAR**

7	8	9	10	11	12
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**Note:** In case of Options, the notional value shall be calculated based on the premium plus strike price of options.

Name & Signature:

Designation:

Date:

Place:



**ANNEXURE 7**

**FORMAT TO BE GIVEN ON CHANGE IN HOLDING OF SECURITIES OF PROMOTER, EMPLOYEE OR DIRECTOR OF A LISTED COMPANY AND OTHER SUCH PERSONS AS MENTIONED IN REGULATION 6(2)**

**SEBI (Prohibition of Insider Trading) Regulations, 2015  
[Regulation 7 (2) read with Regulation 6(2) – Continual disclosure]**

**Name of the Company** : Blue Star Limited

**ISIN of the Company** : INE472A01039

**Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person (Promoters/KMP/Directors /immediate	Securities held prior to acquisition / disposal		Securities acquired / disposed				Securities held post acquisition/disposal		Date of allotment advice / acquisition of shares / sale of share specify		Date of intimation to company	Mode of acquisition/disposal (on market/public/rights/preferential offer/off market Inter-se transfer, ESOPs etc.)
		Type of security (For eg.– Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	Type of security (For eg.– Shares, Warrants, Convertible Debentures etc.)	No.	Value (in Rs)	Transaction Type (Buy/ Sale/ Pledge/ Revoke/ Invoke)	Type of security (For eg. - Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Note: “Securities” shall have the meaning as defined under regulation 2(1)(i) of SEBI(Prohibition of Insider Trading) Regulations, 2015.

**Details of trading in derivatives of the company by Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of Contract	Contract Specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

**Note:** In the case of Options, the notional value shall be calculated based on the Premium plus strike price of options.

Name & Signature :

Designation :

Date :

Place :



BLUE STAR

# The Blue Star Code of Conduct

*Acting with Integrity, Honesty and Fairness*



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## **1 Preamble**

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### **1.1 About the Code of Conduct**

At Blue Star Limited (“Blue Star” or “the Company” or “we” or “us”), we believe that all our relationships, within the Company and outside, should be based on a foundation of trust and integrity. It is Blue Star’s commitment to do business with integrity, honesty and fairness.

With a view to achieve this, Blue Star has defined its following Vision, Credo, Values and Beliefs:

Blue Star’s Vision is, *“to dream, to strive, to care and, above all, to be the best in everything we do”*

Blue Star’s Credo is, *“I am Blue Star and I take pride in delivering a world-class customer experience”*

Blue Star’s core Values and Beliefs are to:

- Be a company that is a pleasure to do business with.
- Win our people’s hearts and minds.
- Continuously improve shareholder value.
- Give primacy to meritocracy and professional management.
- Place the Company’s interest above one’s own.
- Conduct business with personal integrity and ethics.
- Treat business partners as respected members of our organisation.
- Encourage learning, experimentation and innovation in what we do.
- Ensure high standards of corporate governance.
- Work in a boundary-less manner between various functions to provide the best solutions to customers.
- Be a good corporate citizen.

The Company has formulated the Blue Star Code of conduct (“the Code”) to ensure that the Vision, Credo, Values and Beliefs are integrated into every part of our business.

The Code defines the standard of expected behaviour and protocol of conduct while carrying on our business and other functions in a manner that is compliant with the policies, applicable laws and best practices. The Code brings together and defines the most important rules and policies that guide you to ensure due adherence and compliance. It also provides clarity and directs you to the right people for further guidance.

Any non-compliance of the provisions of the Code shall be subject to disciplinary actions under the relevant policy of the Company, or civil or criminal action under any applicable laws. The Company shall be entitled to recover losses if any suffered by the Company or charge monetary penalties or terminate employment in or any other association with the Company.



## **1.2 Applicability**

The Code is applicable to all the employees and Directors of the Company, its subsidiaries and affiliate/joint venture companies. It also applies to persons who serve the Company on contract, subcontract, retainerhip, consultancy or any other basis. The suppliers, vendors, service providers, external professionals, agents, channel partners, i.e. dealers, distributors and others, etc. (“collectively termed as Business Partners”) are covered under the Code.

The conduct and behaviour of these persons while carrying out business dealings with Blue Star or on behalf of Blue Star have a bearing on Blue Star and its reputation. For this reason, they are expected to conduct their businesses in a legal and ethical manner and to adhere to the Code in letter and spirit, when working for Blue Star.

The provisions of the Code shall be construed as an integral part of the terms of your employment or engagement by the Company.

## **1.3 Making an ethical decision**

When in an ethical dilemma, consider the Code to be your guide in addressing and resolving it. In case of any uncertainty in making an ethical decision, you can seek help from any of the following:

- Your reporting manager
- Human Resources team
- Compliance Officer (the Company Secretary is Compliance Officer for Blue Star)
- Mr Blue Star of your location

## **1.4 Communicate and disclose**

On associating with Blue Star as an employee or Business Partner or otherwise, you become accountable to comply with the Code and other applicable policies. You are, therefore, expected to read, understand and comply with the Code in letter and spirit.

## **1.5 Reporting violations**

In order to protect Blue Star’s brand and reputation, you are encouraged to promptly report any potential violations or integrity concerns using various available channels.

You can approach your reporting manager or Human Resources team or the Compliance Officer to report violations or suspected violations. In case you are uncomfortable approaching any of the aforementioned; you may report the same as per the Whistle Blower Policy.

If the Company learns of a violation of the Code, policies or any other applicable law, it will take prompt action, including termination of employment/association with the Company, in addition to other appropriate remedial steps.



## **1.6 Non – retaliation**

If you raise a concern or report misconduct in good faith or provide assistance to Blue Star in an integrity matter – you are following the Code, and Blue Star will not tolerate any retaliation in any form against you. Blue Star considers acts of retaliation as the violation of the Code, which if substantiated, will result in disciplinary action including termination of employment or other relationship with it.

If you are being retaliated against and need help, contact the Human Resources team or report as per the Whistle Blower Policy, as more particularly mentioned hereinafter.

## **2 Compliance of Laws**

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Compliance with laws, regulations and contractual obligations is the bedrock on which Blue Star is built. Compliance with the highest order of governance and ethics has been a hallmark of Blue Star and will continue to be non-negotiable. We pride ourselves in upholding the spirit of Blue Star, and we consistently demonstrate our Values and Beliefs in our actions.

You are expected to comply, both in letter and in spirit, with all applicable laws, regulations, rules and regulatory orders in the cities, states and countries in which the Company operates. Further, you must acquire appropriate knowledge of the requirements relating to your duties sufficient to enable you to recognize potential dangers and to know when to seek advice from the Compliance Officer on specific Company policies and procedures.

Violations of laws, regulations, rules and orders may subject you to individual criminal or civil liability, in addition to discipline by the Company, including severance of relationship. Such individual violations may also subject the Company to civil or criminal liability or the loss of business or reputation.

If compliance with the Code should ever conflict with applicable law, you must comply with the law and immediately bring the conflict to the notice of the Compliance Officer.

### **2.1 Fair Competition**

We believe in free and open competition, and we never engage in improper practices that may limit competition through illegal and unfair means. We do not enter into agreements with competitors or any other person to engage in any anti-competitive behaviour, including rigging prices or forming cartels or restricting free play of competition in our relevant markets.

As Blue Star's business interests are spread across the world, Blue Star may be subject to competition laws of various jurisdictions. Most countries have well-developed bodies of law designed to encourage and protect free and fair competition. Blue Star is committed to adhering to these laws which often regulate Blue Star's relationships with our distributors, resellers, dealers and customers.





Although the objects of these laws, known as “antitrust,” “competition,” or “consumer protection” or unfair competition laws are straightforward, their application to particular situations can be complex. Violation of some of the provisions of the competition laws can lead to fines and imprisonment for the individuals involved and to even heavier fines for the Company.

To ensure that the Company complies fully with these laws, each of us should have a basic knowledge of the applicable laws and guidelines and should involve the Compliance Officer at an early stage when questionable situations arise.

## **2.2 Anti-Corruption**

Blue Star conducts its business free from the influence of corruption and bribery. Employees and Business Partners are expected to be aware of and follow all laws prohibiting bribery and other corrupt practices everywhere we do business.

Employees must be careful to avoid even the appearance of offering or accepting an improper payment, bribe, gratification or kickback. Control over intermediaries and third parties who are operating on our behalf is important.

Proper due diligence should be exercised on them to ensure that their reputation, background and dealings are appropriate and meet our ethical standards. They should be made to adhere to the requirements set out in this Code. You must never do anything through a third party that you are not authorised to do by yourselves.

## **2.3 Political & Religious Non Alignment**

Blue Star does not participate in any political or religious activity, or make contribution to any political or religious party. Blue Star also does not support any mass movements. Blue Star understands and recognizes your right as an individual to participate in any political/religious activities provided, you do so in your personal time and do not utilize Blue Star’s resources and brand in any manner and do not propagate your political ideology in the organization.

## **2.4 Governance**

Board Members play a central role in the governance of the Company. Their principal duty is to ensure that the Company is well managed in the interests of all its stakeholders. The Board of Directors is the decision-making authority on all matters, except those specifically reserved for shareholders.

The Board Members shall:

- a) uphold ethical standards of integrity and probity in the Company;
- b) act objectively and constructively while exercising their duties;
- c) exercise their responsibilities in a bonafide manner in the interest of the Company;
- d) devote sufficient time and attention to their obligations for informed and balanced decision making by the Company;



- e) not allow any extraneous considerations that will vitiate their 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 their position to the detriment of the Company or its shareholders or for the purpose of gaining a direct or indirect advantage for them or for any associated person;
- g) refrain from any action that would lead to loss of their independence;
- h) where circumstances arise which make an independent Director lose his independence, the independent Director must immediately inform the Board accordingly;
- i) assist the Company in implementing the best corporate governance practices.

**Duties of Independent Directors:**

In addition to the aforesaid obligations, the Independent Directors shall:

- a. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarize with the businesses and processes of the Company.
- b. Seek appropriate clarification or amplification of information and, where necessary, obtain and follow appropriate professional advice and opinion of outside experts in the event of any ambiguity.
- c. Strive to attend all meetings of the Board of Directors and of the Board committees of which they are members.
- 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/dissents are recorded in the minutes of the Board meeting.
- g. Keep themselves 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 this 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 their authority, assist in protecting the legitimate interests of the company, shareholders and its employees.
- m. Not disclose confidential information, including trade secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosures are strictly on a need to know basis and expressly approved by the Board or required by law.

**2.5 Prohibition against Insider Trading**



It is illegal if you trade in the shares or securities of the Company based on any unpublished price sensitive information about the Company obtained in the course of your work at or association with the Company, or to disclose such information to any other person who may trade in the securities of the Company based on such information.

You have a duty to safeguard the confidentiality of such information and should not use your position or knowledge to gain personal benefit or provide benefit to any third party, and you shall not profit from it by dealing in securities. Further, you shall not tip-off others (by way of making recommendations for purchase, sale or retention of the securities of the Company) to enable them to profit or for them to profit on your behalf.

In case of any violation of this provision, you shall be liable to disciplinary action by the Company, and you will be subject to prosecution by way of severe penalties and imprisonment under the applicable laws. In addition, regulatory authorities may seek the imposition of civil penalties on the profits made or losses avoided from the trading. Insider traders must also disgorge any profits made, and they may also be subjected to an injunction against future violations.

For more details, you should read the Company's Code on "**Prohibition of Insider Trading**" as uploaded on the website.

## **2.6 Environment, Health & Safety**

### **Environment:**

Blue Star shall strive to provide a safe, healthy, clean and ergonomic working environment for its people. Blue Star is committed to be an environmentally responsible corporate citizen and minimizing the impact of its businesses on the environment.

Any violation of this provision would potentially expose the Company and its operations to risks of closure and severe financial penalties and damage its reputation.

All of you shall take the responsibility to accomplish your functions in a manner that responsibly protects the environment by reducing plant emissions, reducing hazardous substances, reducing water consumption, conserving energy, recycling and reusing those materials that are non-renewable, and eliminating the use and creation of toxic materials. You shall adopt and implement processes to comply with this provision.

If you receive any communication from a government agency regarding environmental matters, you should immediately contact the Employee Health and Safety (EHS) function or the Compliance Officer before responding to the communication.

### **Health:**

We encourage a healthy lifestyle for our employees to include, proper balanced diet and regular exercise to keep them healthy and fit. It is also expected that all employees would avail of the Company provided facilities and support for ensuring health and fitness as per the schedules and timelines communicated in this regard. You shall familiarise with,



implement and comply with the provisions of applicable laws for providing health and sanitation at the factories, establishment and other workplaces.

**Safety:**

The safety of its employees and all business partners associated with the Company's offices, project sites and manufacturing facilities is of utmost importance.

At Blue Star, we believe that accidents and any risk to health are preventable through the active involvement of all the stakeholders, thereby creating a safe and accident-free workplace. You shall strive to comply with the requirements under the policy and applicable laws.

If officials of any governmental agency seek to conduct an inspection, you must immediately contact and consult EHS function. Refer to the **"E-waste Management Policy"** and **"Corporate Policy on Safety Management"**.

**3 Dealing with Business Partners**

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**3.1 Gifts and Business Courtesies**

At Blue Star, we believe in making all business decisions based on merit and competence alone. You shall not accept or offer any gifts or business courtesies if it obligates or appears to obligate the recipient or influence any business decision.

Any business entertainment or hospitality with Blue Star and its employees will be kept reasonable in nature, entirely for the purpose of maintaining good business relations and not intended to influence in any way Blue Star's decisions about how Blue Star awards future business. Gift exchanges between supplier's employees and Blue Star's employees will be avoided. Official company to company gift exchanges are acceptable but must be reasonable, transparent and properly recorded and disclosed to your reporting manager.

Any gift accepted having a value greater than Rs 5,000 per instance will need to be informed to the Chief Human Resources Officer (CHRO). Gifts accepted having a value greater than Rs 20,000 per instance will need to be deposited with the HR team of your unit and informed to the CHRO.

**4 Workplace Environment and Conflicts of Interest**

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**4.1 Honest and Ethical Conduct**



We expect you to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, in the course of your duties and dealings on behalf of the Company at all the times.

We consider honest conduct to be conduct that is free from fraud or deception. We consider ethical conduct to be conduct in conformance with accepted professional standards of conduct and compliance with all applicable laws.

## **4.2 Equal Opportunities**

Blue Star believes in the conduct of the affairs of its employees and business partners, in a fair and transparent manner. Blue Star encourages a free and open culture in its dealings with its employees and business partners.

It is our endeavour to offer equal opportunities to everyone whether on rolls of Blue Star, contracted labour or workmen or people on third-party contractor rolls working for Blue Star assignments. You shall not support or engage in discrimination in hiring, compensation, promotions, career advancement, etc.

Endorsing equal gender representation across management and leadership positions, Blue Star regularly conducts programmes around women-centric initiatives, honing aspiring female contenders for Senior Management positions. The HR function is committed to create a woman-friendly ecosystem across offices, factories and work sites which encourages gender equality at all times. You shall provide a positive work environment, where regardless of any differences of gender, race, colour, age, religion, disability (and/or any other classification protected by law), and ensure that employees hired by you are given equal opportunity on the basis of capabilities, merit and performance. For further information, please refer to the Gender Diversity Policy of Blue Star.

Further, the Company prohibits employment of child or adolescent at its workplaces or by any business partner.

## **4.3 Workplace Harassment**

All employees at Blue Star have the right to work in an environment which is free from harassment of any kind be it verbal, physical, or an act of exclusion which interferes with your work performance or creates an environment which is hostile, offensive or intimidating.

It includes any persistent or abusive act or conduct, which is offensive, humiliating or intimidating, carried out by an individual or group, either directly or indirectly reporting workplace harassment.

In case you feel that you are being harassed at work, you should first approach the harasser and firmly inform him/her that such behaviour is unwelcome. If the behaviour persists or you are uncomfortable approaching the person directly, you can approach your Reporting Manager or Human Resources team or the Compliance Officer.



#### **4.4 Sexual Harassment**

Blue Star has zero tolerance towards sexual harassment and is committed to providing a safe and productive work environment which promotes confidence to work, to innovate and to perform without fear of any type of harassment.

Sexual Harassment has been defined by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to include behaviour like physical contact and advances, demand or request for sexual favours; making sexually coloured remarks showing pornography and unwelcome physical, verbal or non-verbal conduct of sexual nature.

Sexual Harassment whether physical, verbal, written, graphical, emotional or through gestures, intentionally or not, that offends the dignity and morality of a person, by fellow employees, supervisors, customers and/ or suppliers will invite serious disciplinary action. It shall be the duty of all the persons and authorities designated under this policy to ensure that all complaints lodged are kept confidential. The complainant or witnesses will not be retaliated against provided; the complaint or testimony by the complainant or the witness respectively is genuine.

If the allegation is found to be malicious or false, disciplinary action will be taken against the complainant and / or witnesses.

For further information, refer to the policy on “**Prevention of Sexual Harassment at Work Place**”.

#### **4.5 Dress Code**

Since each of us is a representative of the Company, we must pay attention to personal grooming and adhere to the recommended dress code. Employees are expected to dress neatly and in a manner consistent with the nature of the work performed. Please follow the Company’s “**Dress Code Policy**” made available on the intranet.

#### **4.6 Conflicts of Interest**

Your decisions and actions in the course of your employment with the Company should be based on the best interests of the Company, and not based on personal relationships or benefits. Each of us has a responsibility towards the Company and its business partners. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur or appear to occur or your ability to exercise independent judgment in the Company’s best interest is compromised.

You must avoid situations involving an actual or potential conflict of interest. Any personal involvement with a competitor, supplier, or subordinate employee of the company, which impairs your ability to exercise good judgment on behalf of the Company, creates an actual or potential conflict of interest. Personal relationships and romantic liaisons in supervisor-subordinate reporting structures may lead to team management challenges, possible claims of sexual harassment and reduced morale. An employee involved in any of the types of relationships or situations described in this policy should immediately and



fully disclose the relevant circumstances to his or her immediate supervisor, or any other appropriate supervisor, for a determination about whether a potential or actual conflict exists.

If an actual or potential conflict is determined, the Company may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action, up to and including termination.

### **Instances of conflict of interest**

A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. It would be impractical to attempt to list all possible situations in which a conflict of interest may arise, but some common examples include:

#### **Outside Employment**

In consideration of your employment with the Company, you are expected to devote your full attention to the business interests of the Company. You are prohibited from engaging in any activity that interferes with your performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. If you have any questions on this requirement, you should contact your unit HR representative.

#### **Business Interests**

If you are considering an investment that will lead to acquiring or holding a controlling stake in another company, you must disclose such facts and seek the prior approval of the Company's Whole-time Director. For the purpose of this Code, the term "controlling stake" shall be generally understood to mean an investment by virtue of which you acquire 20% or more of the total equity of a company OR are reasonably likely to be able to (i) receive a seat on a company's board of directors, (ii) influence the composition of the board of directors of a company, or (iii) control the management or policy decisions of a company. You should also not have a financial interest including an indirect interest through a relative or any other person in any organization if that interest would give you or appear to give you a conflict of interest with the Company. You should be particularly sensitive to financial interests in competitors, suppliers, customers, distributors and strategic partners

#### **Related Parties**

As a general rule, you should avoid conducting Company's business with a relative, or with a business in which a relative is associated in any significant role. Relatives include spouse, parents (including step-parents), children (including step-son) and their respective spouses and siblings (including step brother and step- sister).

If such a related party transaction is unavoidable, you must fully disclose the nature of the related party transaction to the Compliance Officer. If determined to be material to the Company by the Compliance Officer, the Company's Audit Committee must review and



approve in advance such related party transactions. The Company must report all such material related party transactions under applicable accounting rules, SEBI rules and regulations, the Companies Act, 2013. Any dealings with a related party must be conducted at arm's-length and with no preferential treatment.

For more information, please refer to the Policy for “**Transactions with Related Parties**” on our website.

### **Substance Abuse**

You shall

- a) strictly abide by the applicable laws relating to possession or abuse of liquor, narcotics, or any other form of intoxicating drugs or substance;
- b) not to be under the influence of any liquor, narcotics or any other form of intoxicating drugs or substance at any establishment, factory project sites or any other location during the course of discharge of your work or business with the Company or its customers.

### **Other Situations**

Since the situations for other conflicts of interest are wide and many, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, you should write to your unit HR representative.

## **5 Protecting our Brand and Reputation**

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### **5.1 Media and Communication**

Mass media plays a significant and very powerful role in influencing the opinions of internal as well as external stakeholders of the Company. It is, therefore, imperative that only authorized personnel from Blue Star to interact with the media at all times. Only the Whole-time Director(s) of the Company or any person authorized by one of the Whole-time Directors are permitted to interact with the media.

If an employee receives a query from the media, (s)he should forward the request to the Head of Corporate Communications & Marketing team, who in turn, shall share the same with the Directors and respond appropriately.

#### **Non-disparagement**

While at a customer site, or in public forums, Directors and employees are prohibited from making any controversial, disparaging, negative, derogatory or insulting remarks or statements verbally or in writing, about Blue Star or its products, customers, business partners, vendors, Directors, employees, and competitors.





### **Use of social media**

Social media includes blogs, social networking sites, instant messaging, discussion forums and others. Any expression of personal views or opinions on the Company and its operations on the social networking forums or any disclosure of business information therein may expose the employee to legal violations or non-compliances. All employees should refrain from making any comment on Blue Star, its business partners, vendors or any of the entities related to the Company in social media forums.

Even while using the social media in one's own personal capacity, use of the Blue Star logo or the Company's name is prohibited. Further, while using the social media for any matter of relevance to the Company, a specific disclaimer shall be made that the views expressed by the user are his/her personal views and shall not be construed as the views of or on behalf of Blue Star.

For more information or clarification required on use of social media, please get in touch with Corporate Communications & Marketing team and/or the Corporate HR team at Blue Star.

## **5.2 Confidentiality and Intellectual Property**

Blue Star spends significant time and money on developing and marketing its products and devising new and efficient ways for making these products. Blue Star will lose its competitive edge if this information is shared or leaked to external communities, including competitors. Therefore, you must at all times safeguard confidential and proprietary information of Blue Star to prevent harm to Blue Star and its business partners.

### **Intellectual Property**

Intellectual property refers to the ownership of intangible and non-physical goods. Intellectual property (IP) refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce. It includes patents, trademarks, industrial designs and copyright.

Our obligation to protect the Company's confidential information includes our intellectual property such as our know-how, tools, methodologies, creative ideas, designs, etc. because they have commercial value.

Anything produced during your employment with Blue Star, even if you are the sole author/creator of it, becomes and remains the intellectual property of Blue Star. You must refrain from infringing on the intellectual property of competitors or other third parties. This provision be read as an integral term of your employment or engagement with the Company.

### **Leaving Blue Star**

You must not retain any information pertaining to Blue Star at the time of leaving Blue Star.



**BLUE STAR**

### **Third party confidential information**

Blue Star also enters into confidentiality or non – disclosure agreements with third parties. It is equally important to safeguard confidential and proprietary information that Blue Star has obtained from such third parties; any violations which could expose Blue Star to significant legal ramifications.



### **5.3 Off Duty Conduct**

While Blue Star does not seek to interfere with your off duty and/or personal conduct, certain types of off duty conduct may interfere with Blue Star's legitimate business interests or have an adverse impact on its brand/reputation. You are expected to conduct your personal affairs in a manner that does not:

- Interfere with the business interests of Blue Star
- Your ability to perform your duties
- Impact the reputation and brand of Blue Star

Accordingly, any such conduct will not be tolerated and may invoke disciplinary action against you.

### **5.4 Industrial Espionage**

We are committed to compete in the market place in ethical and fair manner and with a complete adherence to applicable laws. It is utmost important to protect the Company's reputation as a fair player and to uphold the integrity of the competitive marketplace. The Company expects its competitors to respect our rights to compete lawfully in the marketplace, and we must respect their rights equally.

You should not appropriate or unlawfully use the information, material, products, intellectual property, or proprietary or confidential information of anyone including suppliers, customers, business partners or competitors.

You should not indulge in any activity that may potentially expose the computer systems of the Company to any unethical hacking, cybersquatting or any other forms of cybercrimes.

## **6 Accuracy of Financial Records and Asset Protection**

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### **6.1 Accuracy of Financial Records**

The applicable laws require Blue Star to maintain books, records and accounts that accurately and fairly represent the nature of the transactions and disposition of its assets and liabilities.

You are responsible for making sure that Blue Star's financial statements, records, accounts and supporting documents are kept in reasonable detail and appropriately reflect Blue Star's transactions and financial condition and comply with the law and generally accepted accounting principles, including disclosure requirements. You shall not misrepresent the Company's financial performance or otherwise falsify compromise the integrity of the Company's reports, records, policies and procedures.

Everyone involved in creating, processing and recording such information is held responsible for its accuracy and integrity. You must never knowingly misrepresent, or cause others to misrepresent, facts about Blue Star to others.



### **Expense Claims**

All business related expense claims must be authorized by the manager of the employee before the incurrence. The Personal expense will not be reimbursed by the Company. To know the individual business expenditure limit, please refer to the applicable policies. You shall not in any manner falsify or manipulate the bills or claims relating to your expenses to make wrongful gains.

If you become aware of a possible omission, falsification or inaccuracy in accounting or financial entries or in basic data supporting such entries, you must promptly report this to your Reporting Manager or the Compliance Officer.

### **Dealing with Auditors**

You shall cooperate with the auditors for discharge of their duties and obligations in good faith and in accordance with the law. All required information shall be made accessible to the auditors without any resistance.

## **6.2 Protecting Blue Star's assets**

Blue Star assets and facilities should be used for legitimate company business only. You shall not use Blue Star resources for personal use unless permitted pursuant to terms of your employment or engagement and subject to relevant Blue Star policies.

Protection of the Blue Star's assets, whether tangible or intangible, against loss, damage, misuse or waste, is the responsibility of each one of you. Blue Star assets should never be loaned to others, transferred, sold without appropriate authorizations.

Blue Star does not permit the download or use of unauthorized, unlicensed or illegal software on assets connected to the Blue Star network. In case any such software is required for work, permission needs to be taken from the Reporting Manager, and the IT department needs to be informed. During the course of your employment or association, if you have been given access to any database or computer systems of Blue Star, it shall be your duty to protect the same and the passwords or other credentials against any hacking or other security threat.

Employees and other business partners that demonstrate poor judgment in the manner in which Blue Star assets are used may be subject to disciplinary action, up to and including termination of employment or business relationship at the discretion of Blue Star. It shall be your duty to undertake such training and familiarisation of the computer system to which you have access in order to adhere to and comply with this provision.

Refer to the "**Blue Star IT Policy**" for any assistance or contact the Chief Information Officer in this regard.



## **7 Corporate Social Responsibility**

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In line with our value to “be a good corporate citizen”, we actively participate in making contributions to the society, the environment and the local community.

Blue Star’s Corporate Social Responsibility (CSR) philosophy is built on four pillars namely:

1. Environment protection
2. Energy Conservation
3. Community development around its facilities
4. Vocational training and skill development

In addition to the above CSR efforts, the Company sponsors various philanthropic activities through various trusts that have been supporting several activities in the areas of children education and healthcare, apart from relief measures in national calamities.

For any activity intended to be taken up at a local office level on behalf of the Company as a CSR effort, the concerned employee needs to take the concurrence of the CSR team.

## **8 Whistle Blower Policy**

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Blue Star believes in the conduct of the affairs of its employees and business partners, in a fair and transparent manner. Blue Star encourages a free and open culture in its dealings with its employees and business partners.

Under this policy, you may report the events which have, or are suspected to have, taken place involving abuse of authority, fraud, leakage of information, illegal commission or kickbacks, manipulation of documents, conflict of interest, any other forms of corrupt practices, violation of the Company’s policies etc.

If you notice or are subject to any such events, you shall report the details of the same as per the “**Whistle Blower Policy**”.

### **Confidentiality**

All complaints reported will be kept confidential and will be shared strictly on a ‘need to know’ basis.

### **Protection of a whistle-blower**

If you report a complaint under this policy, you will not be at risk of suffering any form of reprisal or retaliation, provided the communication is made in good faith, and you believe that the information and allegations contained in it, are substantially true.



### **False complaints**

Making frivolous or bogus complaints through vigil mechanism channels is strictly prohibited and will be subject to strict disciplinary actions.

For further information, please refer to Whistle Blower Policy on the website of Blue Star.

## **9 Waivers**

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Waiver of any provision of this Code must be approved in the manner provided below, unless a separate procedure is specified under any existing corporate policy of the Company:

For a Director, a waiver must be approved in writing by the Company's Board of Directors. For employees or business partners, a waiver must be approved in writing by the Executive Director or the Compliance Officer.

For obtaining such approvals, please send your request to the Compliance Officer.

## **10 Modifications**

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We are committed to continuously reviewing and updating our policies and procedures based on our periodic assessment of the Company's risks, and in accordance with changes in any applicable laws. Therefore, this Code will be periodically revised and is subject to modification. Any amendment or waiver of any provision of this Code must be approved by the Board of Directors or its committee. Any such amendment shall be promptly disclosed on the Company's website.

The Code does not provide a full, comprehensive and complete explanation of all the rules that employees are bound to follow. Employees and business partners have a continuing obligation to familiarize themselves with all applicable laws, company policies, procedures and work rules from time to time. In case, you wish to refer to any of the policies as mentioned in the Code; please do contact the local HR manager or the Compliance Officer.



**11 Declaration**

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**Declaration – Blue Star Code of Conduct**

I/We, \_\_\_\_\_ do hereby declare that I/we have read the Blue Star Code of Conduct. I/We have not violated any provisions of the Code of Conduct and I/we agree to abide by its provisions in the future.

I/We realize that shall there be an actual or potential violation of any of these provisions, while fulfilling my/our duties or obligations towards Blue Star, it is my/our responsibility to seek guidance as per the process outlined in the Code and steer my/our actions accordingly to remediate or prevent the same.

I/We also recognize my/our role in safeguarding the rights and reputation of Blue Star and everyone part of it and will play my/our part in maintaining the high ethical standards.

Business Partner/

\_\_\_\_\_  
(Signature)

Employee Code: \_\_\_\_\_

Business partner/

Employee Name: \_\_\_\_\_

Department: \_\_\_\_\_

Location: \_\_\_\_\_

Date: \_\_\_\_\_

**Notes:**

- a) Employees shall sign and submit this declaration to the local HR.
- b) All Dealers for Blue Star’s products or services shall sign this declaration on their letterhead and submit it to Blue Star’s regional business head.
- c) Vendors shall sign this declaration on their letterhead and submit it to Blue Star’s regional procurement head.
- d) Other business partners shall sign this declaration on their letterhead and submit it to Blue Star’s Compliance Officer.
- e) The Code of Conduct is available on the website of the Company, duly updated from time to time. The employees and business partners shall peruse the same.
- f) The above declaration shall be valid till the end of the immediately following financial year.
- g) This declaration shall be submitted for every financial year, latest by April 10<sup>th</sup>, any violation of which would be subject to disciplinary action under the Code.

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## **Schedule IV of the Act Code for Independent Directors**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

### **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 obligations for informed and balanced decision making;
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:**

The independent directors 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. scrutinise 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 :**

The 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. act within their 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.

### **IV. Manner of appointment:**

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
4. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a) the term of appointment;

- b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d) provision for Directors and Officers (D and O) insurance, if any;
  - e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - f) the list of actions that a director should not do while functioning as such in the company; and
  - g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
  6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **VI. Resignation or removal:**

1. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
3. Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **VII. Separate meetings:**

1. The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
2. All the independent directors of the company shall strive to be present at such meeting;
3. The meeting shall:
  - a) review the performance of non-independent directors and the Board as a whole;
  - b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

1. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
2. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

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