

**BABA ARTS LIMITED**

**CODE OF CONDUCT  
FOR  
DIRECTORS & SENIOR MANAGEMENT  
PERSONNEL**

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# **BABA ARTS LIMITED**

## **CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGEMENT PERSONNEL**

**[Under Regulation 49 of the Listing Agreement]**

### **INTRODUCTION:**

The Stock Exchange, Mumbai has, in accordance with the Directions of Securities and Exchange Board of India (SEBI), vide letter No. CRD/GEN/2004/7 dated 6<sup>th</sup> November, 2004, substituted the existing Clause No. 49 in respect of Corporate Governance, of the Listing Agreement, with new Clause No. 49. The new Clause 49 is to be implemented by all the listed Companies with effect from 1<sup>st</sup> April, 2005.

Sub Clause (D)(i) & (ii) of new Clause 49 are reproduced herebelow:

- (i) The Board shall lay down a code of conduct for all Board Members and senior management of the Company. The Code of Conduct shall be posted on the Website of the Company.

It is accordingly mandatory in terms of the new Clause 49 for every listed company/entity to formulate a Code of Conduct for its Directors and Senior Management Personnel.

In order to comply with the mandatory requirement of the new Clause 49, it was necessary to formulate a specific Code of Conduct for Baba Arts Limited (hereinafter referred to as 'the Company') to be observed by its Directors, and Senior Management Personnel.

This document embodies the Code of Conduct to be followed by its Directors, and Senior Management Personnel. The Code is based on the principle that Directors, Senior Management Personnel of the Company owe a fiduciary duty to, among others, the Company to place the interest of the Company above their own and conduct their personal affairs in a manner that does not create

any conflict of interest situation. The Code is also intended to serve as a guiding charter for all concerned persons associated with the functioning of the Company and their dealings with the Company.

## **DEFINITIONS:**

As used in this Code:

- (a) “**Board**” means the Board of Directors of the Company.
- (b) “**Code**” means this Code of Conduct for Directors and Senior Management Personnel, as applicable, including modifications made thereto from time-to-time.
- (c) “**Company**” means Baba Arts Limited.
- (d) “**Compliance Officer**” means an Employee appointed by the Board for the implementation of and overseeing compliance with the Code across the Company.
- (f) “**Securities**” includes:
  - (i) shares, scrips, bonds, debentures, debenture stock or other marketable securities of a like nature,
  - (ii) put, call or any other option on the Company’s Securities even though they are not issued by the Company, futures, derivatives and hybrids, and
  - (iii) such other instruments recognized as securities and issued by the Company from time-to-time
- (n) “**Senior Management Personnel**” - Personnel of the Company who are members of its core management team excluding Board of Directors. Normally this would comprise all members of management one level below the executive directors, including all functional heads.

All terms used in this Code but not defined hereinabove shall have the meanings ascribed to them under the Companies Act, 1956 or The Listing Agreement.

## **Preamble:**

This Code of Conduct (the "Code") helps maintain high standards of business conduct for the Company and ensures compliance with legal requirements under Clause 49 'Corporate Governance' of the Listing Agreement. The Code promotes ethical conduct. All Directors and Senior Management Personnel must act within the bounds of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the company and its shareholders / stakeholders.

**With a view to maintain the high standards that the company requires, the following rules / code of conduct should be observed in all activities of the board. The Company appoints the company secretary as a compliance officer for the purposes of the code, who will be available to directors and senior management to answer questions and to help them comply with the code.**

### **1. Honesty & Integrity**

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

### **2. Conflict of Interest**

Directors on the board of the Company and senior management personnel shall not engage in any business, relationship or activity, which may be in conflict of interest of the Company or the group.

Conflicts can arise in many situations. It is not possible to cover every possible conflict situation and at times, it will not be easy to distinguish between proper and improper activity. Set forth, are some of the common circumstances that may lead to a conflict of interest, actual or potential –

- a) They should not engage in any activity / employment that interferes with the performance or responsibility to the company or is otherwise in conflict with or prejudicial to the company.
- b) Directors, Senior Management Personnel and their immediate families should not invest in a company, customer, supplier, developer or competitor and generally refrain from investments that compromise their responsibility to the company.
- c) Directors and Senior Management Personnel should avoid conducting company business with a relative or with a firm / company in which a relative / related party is associated in any significant role.

If such related party transaction is unavoidable, it must be fully disclosed to the board of the company.

### **3. Corporate Opportunities**

Directors and Senior Management Personnel shall not exploit for their own personal gain, opportunities that arise through the use of corporate position, information or property unless the same is disclosed in writing to the Board of Directors of the Company.

### **4. Compliance with Laws, Rules and Regulations**

Directors and Senior Management Personnel are required to comply with all applicable laws, rules and regulations, both in letter and spirit. In order to assist the company in promoting lawful and ethical behaviour, directors must report any possible violation of law, rules, regulation or the code of conduct to the company secretary.

### **5. Other Directorships**

The Company feels that serving on the boards of directors of other companies may raise substantial concerns about potential conflict of interest. And therefore, all directors must report / disclose such relationships to the Board on an annual basis. It is felt that service on the board of a direct competitor is not in the interest of the company.

Senior Management must obtain the approval of the Company before accepting a directorship.

### **6. Confidentiality of Information**

Any information concerning the company's business, its customers, suppliers etc., which is not in public domain and to which the director or senior management has access or possesses such information, must be considered confidential and held in confidence, unless authorised to do so and when disclosure is required as a matter of law. No director or Senior Management Personnel shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorised.

### **7. Insider Trading**

The Company has formulated a Code of Conduct for Insider Trading and code of Corporate Disclosure Practices. The Directors and the Management personnel shall comply with the requirements of the said codes. Any director and senior management personnel of the company shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the company, not in public domain and therefore constitutes insider information. All directors will comply with insider trading guidelines as issued by SEBI.

**8. Gifts & Donations**

No director or senior management personnel of the company shall receive or offer, directly or indirectly, any gifts, donations, remuneration, hospitality, illegal payments and comparable benefits which are intended (or perceived to be intended) to obtain business (or uncompetitive) favours or influence any business decision for the conduct of business. Nominal gifts of commemorative nature, for special events may be accepted and reported to the Board.

**9. Protection of Assets**

Directors and senior management personnel must protect the company's assets, labour and information and may not use these for personal use, unless approved by the Board.

**10. Annual Review**

All directors and senior management personnel shall affirm compliance with the code on an Annual basis.

**11. Violations of Code**

It is ethical responsibility of every director and senior management personnel to abide by and enforce this Code. The Board of Directors shall take disciplinary action against any director or senior management personnel who is found guilty under the Code or is found to violate the Code.