



**CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF
UNPUBLISHED PRICE SENSITIVE INFORMATION (UPSI)**

Regulation 8(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (“**PIT Regulations**”) requires that the board of directors of every listed company shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information in adherence to the principles set out in Schedule A of the PIT Regulations. Pursuant to the aforesaid provision of the PIT Regulations, the board of directors of B.S. Sponge limited (“**Board/Directors/Board of Directors**” and “**Company**”, respectively), have formulated the code of practices and procedures for fair disclosure of unpublished price sensitive information (“**Code**”) and approved the same at its meeting held on September 26, 2026.

This document embodies the Code to be followed by the Company and relevant provision of the PIT Regulations which are applicable to the companies proposed to be listed on the stock exchange(s), i.e. BSE Limited or National Stock Exchange of India Limited, in accordance with applicable laws, which shall come into effect from the date of approval of the Board of the Company.

DEFINITIONS

- i. The term legitimate purpose(s) (“**Legitimate Purposes(s)**”) shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, legal advisors, auditors, and merchant bankers, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the PIT Regulations.
- ii. **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: -
 - a) Financial results;
 - b) Dividends;
 - c) Change in capital structure;
 - d) Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions [award or termination of order/contracts not in the normal course of business and such other transactions].
 - e) Change in key managerial personnel [other than due to superannuation or end of term, and resignation of a statutory auditor or secretarial auditor].
 - f) change in ratings, other than environmental, social and governance rating;
 - g) fund raising proposed to be undertaken;
 - h) agreements, by whatever name called, which may impact the management or control of the Company;
 - i) fraud or defaults by the Company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the Company, whether occurred within India or abroad;
 - j) resolution plan/restructuring or one-time settlement in relation to loans, borrowings from banks/financial institutions;
 - k) admission of winding-up petition filed by any party/creditors and admission of application by the tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency

REGISTERED OFFICE

34A, Metcalfe Street, 2nd Floor, Room No. 2C/3,
Kolkata - 700 013, West Bengal, India

CORPORATE OFFICE

202,2nd Floor, Block A, Crystal Arcade, Lodhipara
Chowk, Raipur - 492 001, Chhattisgarh, India

MANUFACTURING FACILITY

Village Taraimal, P. O. Gerwani, Tehsil Gharghoda,
District Raigarh, Chhattisgarh - 496 001



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CIN U27102WB2000PLCO91975

E: info@bsstmx.com

W: www.bsstmx.com

T: +913335376881

resolution process against the Company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016, as amended;

- l) initiation of forensic audit, by whatever name called, by the Company or any other entity for detecting mis-statement in financials, misappropriation/siphoning or diversion of funds and receipt of final forensic audit report;
- m) actions initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, promoter or subsidiary, in relation to the Company;
- n) outcome of any litigations or disputes which may have an impact on the Company;
- o) giving of guarantees or indemnity or becoming a surety, by whatever name called, for any third party, by the Company not in the normal course of business;
- p) granting, withdrawal, surrender, cancellation, or suspension of key licenses or regulatory approvals.

For the purpose of clause (ix):

- 'Fraud' shall have the same meaning as referred in Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended;
- 'Default' shall have the same meaning as referred to in Clause 6 of paragraph A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**Listing Regulations**").

- iii. All terms used but not defined herein shall have the meaning ascribed to such term under the PIT Regulations. In case of any discrepancy between the PIT Regulations and the terms defined herein, the meaning as ascribed under the PIT Regulations, shall prevail.

Accordingly, the Code is hereby framed as under: -

UPSI

- i. The Company shall promptly disclose UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- ii. The UPSI shall be uniform and universally disseminated and due care will be taken to avoid selective disclosure.
- iii. In case if the UPSI that gets disclosed selectively, inadvertently or otherwise, prompt steps shall be taken to make such information generally available. Further, if any employee becomes aware that there has been any inadvertent disclosure of UPSI, he or she should immediately contact the company secretary/compliance officer of the Company, who shall immediately take appropriate steps.
- iv. Material events will be disseminated as mandated by the stock exchanges in Regulation 30 of the Listing Regulations.

DESIGNATION AND ROLE OF CHIEF INVESTOR RELATIONS OFFICER

- i. The chief financial officer of the Company or such other senior official nominated as such by the Company from time to time shall be the chief investor relations officer ("**CIRO**") for the purpose of the Code. The CIRO shall be responsible for dissemination of information and disclosure of UPSI and also responding to the queries on news reports and requests for verification of market rumours by regulatory authorities.

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- ii. In the temporary absence of the CIRO for any reason whatsoever, the managing director of the Company shall nominate any other official of the Company to be responsible for dissemination of information and disclosure of UPSI.

GENERAL OBLIGATIONS FOR PRESERATION AND DISCLOSURE OF UPSI

- i. All UPSI shall be handled on a need-to-know basis for legitimate purpose only and in accordance with the provisions of the PIT Regulations and any other applicable codes, policies and procedures of the Company.
- ii. It is clarified that information to be termed UPSI should be specific and intended to be generally made available at a point of time to ensure it does not lead to creation of a false market in securities. For the purpose of disclosure, the CIRO/authorised person may consult such officials within the Company to ensure the correctness and credibility of the UPSI. The CIRO/authorised person shall authorise disclosure or dissemination of UPSI (1) by way of intimation to the stock exchanges, such that further disclosure can be made from the stock exchange websites; (2) on the official website to ensure official confirmation and documentation; and (3) in any other manner as may be decided by the CIRO/authorised person to facilitate uniform and universal dissemination of UPSI.
- iii. All communications of UPSI with the stock exchange shall be approved by the CIRO/authorised person and communicated through appropriate personnel under his direction.
- iv. The CIRO/authorised person shall also be responsible for overseeing the contents of UPSI to be posted on the website of Company for the purposes of this Code and shall give appropriate directions for the publication of the same. No other person shall be authorised to post any UPSI in the absence of any directions from the CIRO.
- v. Information disclosure/ dissemination should normally be approved in advance by the CIRO. If the information is accidentally disclosed without prior approval, the person responsible must inform the CIRO immediately, even if the information is not considered price sensitive and if required, the CIRO shall take all reasonable steps to rectify the same.

SHARING INFORMATION WITH ANALYSTS AND RESEARCH PERSONNEL

- i. The Company shall ensure that any information shared with analysts and research personnel is not UPSI and is generally available. Alternatively, the information shared as above shall simultaneously be made public.
- ii. The CIRO/ authorised person shall also develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
- iii. The Company shall ensure due care while dealing with analysts' questions that raises issues outside the intended scope of discussion. Unanticipated questions should be taken on notice and a considered response shall be given later. If the answer includes UPSI, information should be disclosed only after consulting the CIRO/ authorised person and taking necessary action, if any, in compliance with PIT Regulations.

RESPONDING TO MARKET RUMORS

The CIRO/ authorised person shall ensure that appropriate and fair responses are provided to queries on news reports and requests for verification of market rumours by regulatory authorities. In case a query/request has been received from any stock exchange, a copy of such reply shall be sent to other stock exchange(s) also where securities of the Company are listed, if any.

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PRINCIPLES OF FAIR DISCLOSURE

- i. Any person in receipt of UPSI pursuant to Legitimate Purpose shall be considered an insider for purposes of PIT Regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with the PIT Regulations.
- ii. A structured digital database shall be maintained, containing the nature of UPSI and the names of such persons who have shared the information and also the names of such persons with whom information is shared under the PIT Regulations along with permanent account number or any other identifier authorized by law, where permanent account number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. This digital database should be preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Securities and Exchange Board of India (“SEBI”), regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

PRINCIPLES FOR DETERMINATION OF LEGITIMATE PURPOSE

The Company shall ensure that UPSI is communicated, provided or is accessible to insiders or procured by any person only in furtherance of Legitimate Purpose. This principles for determination of Legitimate Purposes (“**Principles**”) have been prepared in accordance with Regulation 3(2A) of the PIT Regulations. The objective of the Principles is to identify Legitimate Purposes for performance of duties or discharge of legal obligations, which will be considered as exception for procuring UPSI relating to the Company. The assessment of whether sharing of UPSI for a particular instance would tantamount to Legitimate Purpose would depend on the specific facts and circumstances of each case. Accordingly, the Principles only set out factors that should be considered while assessing if the purpose for which UPSI is proposed to be shared is legitimate. Purposes of sharing of UPSI, which shall be deemed to be legitimate, shall include, but will not be limited to facilitating conduct of due diligence for undertaking any transaction in the ordinary course of business and preparation of financial statements.

Primarily, the following factors should be considered to determine the Legitimate Purpose:

- i. whether sharing of such information is in the ordinary course of business of the Company;
- ii. whether information is sought to be shared to evade or circumvent the prohibitions of the PIT Regulations;
- iii. whether sharing the information is in the best interests of the Company or in furtherance of a genuine commercial purpose;
- iv. whether the information is required to be shared for enabling the Company to discharge its legal and/or contractual obligations;
- v. whether the nature of information being shared is commensurate to the purpose for which access is sought to be provided to the recipient;
- vi. whether sharing of this information is necessary;
- vii. whether the action of sharing the information is undertaken by a person to fulfil the obligations of his/her role with respect to the Company;
- viii. whether the action of sharing the information is executed in a manner which can be considered fair, transparent and effective;
- ix. whether the action of sharing information leads to market abuse;
- x. whether the action of sharing information results into personal benefit of any connected person;
- xi. why is the information required by the recipient; and

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- xii. whether sharing of information is for any other genuine or reasonable purpose as may be determined by the whole-time director or CISO/ authorised person.

It is clarified that in the event there exist multiple purposes for sharing UPSI, each purpose will be evaluated on its own merits, in line with the aforementioned principles.

For the purpose of clause (x), connected person means:

- a) any person who is or has been, during the six months prior to the concerned act, associated with the Company, in any capacity, directly or indirectly, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship of by being a director, officer or an employee of the Company or holds any position including a professional or business relationship, whether temporary or permanent, with the Company, that allows such a person, directly or indirectly, access to UPSI or is reasonably expected to allow such access.
- b) The persons falling within the following categories shall be deemed to be connected persons unless the contrary is established:
- Relative of connected persons;
 - A holding company or associate company or subsidiary company;
 - An intermediary as specified in section 12 of the SEBI Act, 1992, as amended;
 - An investment company, trustee company, asset management company or an employee or director thereof;
 - A member of the board of directors or an employee, of a public financial institution as defined under section 2(72) of the Companies Act, 2013, as amended; or
 - An official or an employee of a self-regulatory organization recognized or authorized by SEBI;
 - A banker of the Company;
 - A concern, firm, trust, Hindu undivided family, company or association of persons wherein the Director of the Company or his relative or banker of the Company, has more than ten per cent of the holding or interest;
 - A firm, or its partner or its employee in which a connected person specified in clause (i) if also a partner; or
 - A person sharing household or residence with a connected person specified in clause (i).

For the purpose of explanation of 'relative of connected person' under first clause, relative shall mean the following:

- (i) Spouse of the person;
- (ii) Parent of the person and parent of its spouse;
- (iii) Sibling of the person and sibling of its spouse;
- (iv) Child of the person and child of its spouse;
- (v) Spouse of the person listed at clause (iii); and
- (vi) Spouse of the person listed at sub-clause (iv).

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RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS

Any other person with whom UPSI is shared pursuant to a Legitimate Purpose shall be considered as an insider for purpose of the PIT Regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with the PIT Regulations. The Company shall inform the recipient of UPSI, by way of written intimation and/or contractual agreement, such as confidentiality agreement, that (i) the information being shared is UPSI and that the Company is the exclusive owner of such UPSI; (ii) upon receipt of UPSI, the recipient would be deemed to be an insider and subject to the provisions of the PIT Regulations, (iii) the recipient must maintain confidentiality of the UPSI at all times, (iv) the recipient may use the UPSI only for the approved purposes for which it was disclosed; (v) the recipient should provide a written undertaking that he/she/it shall not undertake trades in the securities of the Company while in possession of the UPSI, subject to applicable law; and (vi) the recipient must extend all co-operation to the Company, as may be required in this regard.

The decision of the Board of Directors about all matters relating to the Code will be final and binding. The Board of Directors reserves the right to modify or amend the Code in whole or in part.

This Code and every subsequent amendment made thereto shall be promptly intimated to the stock exchange where the securities are listed.

This Code is subject to review by the Board of Directors at least once a three year or at a lesser frequency as the Board may decide. This Code is subject to review from time to time and shall be hosted on the Company's website.

SD/-
Ashish Agarwal
Managing Director

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