



Suryalakshmi Cotton Mills Limited

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

1. INTRODUCTION

Suryalakshmi Cotton Mills Limited (the Company) is committed to good corporate governance and has consistently maintained its organisational culture as a remarkable confluence of high standards of Professionalism, Growth, and Building Shareholder Equity with principles of Fairness, Ethics and Corporate Governance in spirit.

2. APPLICABILITY OF THIS CODE

Ethical business conduct is critical to our business. As an organisation, we have taken it upon us to lay down this Code of Conduct for all our employees to uphold our commitment to ethical conduct. All the employees of the Company and the employees of its subsidiaries are therefore, expected to read and understand this Code, uphold these standards in day-to-day activities, and comply with: all applicable laws; rules and regulations; and all applicable policies and procedures adopted by the Company that govern the conduct of its employees and to ensure that the various stakeholders of the Company are aware, understand and comply with these standards.

Nothing in this Code or in any related communications (verbal or written) thereto shall constitute or be construed to constitute a contract of employment for a definite term or a guarantee of confirmed employment.

All the employees of the Company shall affirm compliance with the code on an annual basis.

3. HONEST AND ETHICAL CONDUCT

The Company expects all the employees to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, whenever the Company's business is being conducted or at any place where such employees are representing the Company. The Company considers honest conduct to be conduct that is free from fraud or deception. The Company considers ethical conduct to be conduct conforming to the accepted professional standards of conduct. Ethical conduct includes ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

4. RELATIONSHIP WITH THE COMPANY

Conflict of Interest:

The employees of the Company shall not generally engage in any business, relationship or activity which might detrimentally conflict with the interest of the Company or any of its subsidiaries.

The main areas of actual or potential conflicts of interest would include the following:

Financial interest of employees or his relatives, including the holding of an investment in the subscribed share capital of any company or a share in any firm which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the Company. (The ownership of up to 1 per cent of the subscribed share capital of a publicly held company shall not ordinarily constitute a financial interest for this purpose.)

A employee of the Company conducting business on behalf of his or her company, or being in a position to influence a decision with regard to his or her company's business with a supplier or customer of which his or her relative is a principal, officer or representative, resulting in a benefit to him/her or his/her relative.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the Company Secretary before any business amounting to an actual or potential conflict of interest is conducted. It is also incumbent upon every employee to make a full disclosure of any interest which the employees or his/her immediate family relatives, (which would include parents, spouse and dependent children) may have in a company or firm which is a supplier, customer, distributor or has other business dealings with the Company before any business is conducted with such a supplier, customer, distributor or business associate.

Every such disclosure as mentioned above shall be done in writing and shall be submitted to the Company Secretary/ Compliance Officer and the Managing Director & CEO, will communicate to the concerned employee to take necessary action, as advised, to resolve/ avoid the conflict, if any.

Any employee's duty to the Company demands that he or she generally avoids conflicts of interest. If a conflict of interest exists, the Company demands that he/she discloses actual and apparent conflicts of interest in the aforesaid manner. It is a conflict of interest to serve as a director of any Company that competes with the Company. The Company's policy requires that an employee obtain prior approval from the Board of Directors and the Company's Audit Committee before accepting such a directorship.

Prevention of Fraud Policy:

This policy applies to any irregularity, or suspected irregularity, involving employees as well as vendors, contractors, customers and/ or any other entities having a business relationship with the Company. The term fraud comprises the use of deception with the intention of gaining an advantage, avoiding an obligation or causing loss or has the potential to cause loss to the company by one or more individuals viz. management, employees or third parties. Fraud may include such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, leakage of confidential and sensitive information pertaining to the company, concealment of material facts and collusion.

Any act of fraud or corruption in or against the Company or any abetment to such fraud/ corruption will not be tolerated. All employees are required to report frauds and suspicions of fraud. Knowing or wilful failure to report any such matter shall be construed as connivance and may invite disciplinary action. All employees are also required to take the responsibility of detecting and preventing fraud in their areas of work and co-operate fully in the internal checks and investigation of frauds.

Receiving and Giving Gifts and Favours:

All employees (including their immediate family member) shall not accept or give a gift or favour of any nature from any supplier, vendor, dealer, contractor, customer, competitor or any business associate. This prohibition does not apply to routine two way exchange of normal business courtesies, which might reasonably be expected to be exchanged in the ordinary course of business. These courtesies include business lunch/dinner and exchange of company diaries and calendars, pens with company logo and the like that are not lavish in any way.

If a gift is inadvertently received it should be promptly returned with a polite note explaining that it is contrary to the Company policy. Any favour which is inadvertently received or extended is to be brought to the notice of the Company Secretary immediately. In case of any favour being received or extended in the context of an emergency (e.g. medical emergency), the event of such a favour being received or extended is to be brought to the notice of the reporting manager by the employee.

Corporate Opportunities:

The employees may not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position, unless the opportunity is disclosed fully in writing in the manner as prescribed under this policy.

Recruitment of Relatives:

Employees are prohibited from influencing the hiring/ recruitment of their relatives in any position with or without remuneration in the organisation. In the event of any relative seeking an opportunity to be employed with the organisation, the concerned employee shall inform the Company Secretary. The recruitment shall be done as per the rules laid down therein by the Company in conformance with the standards set for recruitment of employees in the Company.

Local Rules and Regulations:

Employees are expected to follow all the rules and regulations laid down at their respective workplaces with regard to discipline, workplace timings, dress code, etc. These rules and regulations are made available to the employees at their respective locations.

Other Situations:

It would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts they must be resolved after consultation with the Company Secretary.

5. HEALTH, SAFETY AND ENVIRONMENT

The Company shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. The Company shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

Company policy prohibits sexual harassment, harassment based on race, religion, national origin, ethnic origin, color, gender, age, citizenship, veteran status marital status or a disability unrelated to the requirements of the position or any other basis protected by the central, state or local law or ordinance or regulation. If you believe that you have been harassed, submit a complaint to your own or any other company manager. In addition, if you believe you have been sexually harassed, you may

submit a complaint to the Company Secretary. The policy on Prevention of Sexual Harassment is available on Company's Website.

6. RESPECT FOR HUMAN RIGHTS

The Company reiterates its belief in and adherence to the principles of human rights as enshrined in the Universal Declaration of Human Rights of the United Nations and to act in accordance with the principles laid down in it. It will also respect and abide by the requirements, in this behalf, of the countries in which it operates.

7. ACCOUNTING AND PAYMENT PRACTICES

All transactions should be fully and accurately recorded in the Company's books and records in compliance with all applicable laws. All required information shall be accessible to the company's auditors and other authorized persons and government agencies. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate Company policy and the law. There shall be no willful omissions of any company transactions from the books and records. Any willful material misrepresentation of and/or misinformation of the financial accounts and reports shall be regarded as a violation of the Code apart from inviting appropriate civil or criminal action under the relevant laws. Additionally, all documentation supporting a transaction should fully and accurately describe the nature of the transaction and be processed in a timely fashion. Employees are required to ensure that they claims of reimbursement of expenses are based on actual spends and are supported by valid documents as required. Any misrepresentation of facts, false claims or submission of invalid documents shall invite appropriate disciplinary action.

8. MAINTAINING AND MANAGING RECORDS

The purpose of this section is to set forth and convey the Company's business and legal requirements in managing records, including all recorded information regardless of medium or characteristics. These records include paper documents, CDs, computer hard disks, email, floppy disks, microfiche, microfilm or all other media. The Company is required by local, state, foreign and other applicable laws, rules and regulations to retain certain records and to follow specific guidelines in managing its records.

Company records:

The results of operations and the financial position of the Company must be recorded in accordance with the requirements of law and generally accepted accounting principles. It is Company policy, as well as a requirement of law, to maintain books, records and accounts that in reasonable detail accurately and fairly reflect the business transactions and disposition of assets of the Company.

The integrity of the Company's accounting and financial records is based on the accuracy and completeness of the basic information supporting entries to the Company's books of accounts. The employees involved in creating, processing and recording such information are held responsible for its integrity. Every accounting or financial entry should reflect exactly what is described by the supporting information. There must be no concealment of information from (or by) management, or from the Company's internal or independent auditors. No payment on behalf of the Company shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment. No false or misleading entries may be made in any books or records of the Company for any reason, and no fund, asset or account of the Company may be established, acquired or maintained for any purpose

unless such fund, asset or account is properly reflected in the books and records of the Company. No corporate funds or assets should be used for any unlawful or improper purpose. Revenue and expenses should be properly recognized on a timely basis. Assets and liabilities should be properly recorded and appropriately valued.

9. PROTECTING COMPANY'S ASSETS AND CONFIDENTIAL INFORMATION

Protecting company assets:

The assets of the company should not be misused but employed for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as patents, trademarks, proprietary information, relationships with customers and suppliers, etc.

Confidential Information:

The Company's confidential information is a valuable asset. The Company's confidential information includes product architectures; formulations, trade secrets, manufacturing plans, names of vendors, raw materials used, prices of raw materials, source codes; product plans and road maps; names and lists of customers, dealers, and employees; and financial information and any other information. This information is the property of the Company and may be protected by patent, trademark, copyright and trade secret laws.

All employees are prohibited from disclosing such information. In case need arises, all confidential information must be used for Company's business purposes only. Every employee must safeguard it.

This responsibility includes not disclosing the Company confidential information over the Internet or otherwise. The employees are also responsible for properly labeling any and all documentation shared with or correspondence sent to outside counsel as "Attorney-Client Privileged". This obligation extends to confidential information of third parties, which the Company has rightfully received under Non-Disclosure Agreements.

Obligations of the employees with respect to Company Confidential Information are:

Not to disclose this information to persons within the Company or outside of the Company without prior approval of the Compliance Officer. Not to use this information for the employee's own benefit or the benefit of persons outside of Company.

Not to disclose this information to other Company's employees except on a "need to know" or "need to use" basis and then only with a strong statement that the information is confidential.

Company confidential information is not always of a technical nature. Such information can also include business research, new product plans, strategic objectives, any unpublished financial or pricing information, employee, customer and vendor lists and information regarding customer requirements, preferences, business habits and plans. This list, while not complete, suggests the wide variety of information that needs to be safeguarded.

If any employee, his or her obligation to protect Company confidential information continues.

All employees shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the Company on which such insider information has been obtained.

- acquisition and divestiture of businesses or business units;
- financial information such as profits, earnings and dividends;
- announcement of new product introductions or developments;
- asset revaluations;
- investment decisions/plans;
- restructuring plans;
- major supply and delivery agreements'
- raising finances

The 'Code of Conduct for Prevention of Insider Trading' is applicable to Designated Employees as per the SEBI (Prevention of Insider Trading) Regulations. Its objective is to ensure protection of unpublished price-sensitive information and to ensure that the insiders and those covered by the Code of Conduct for Prevention of Insider Trading, who are or are deemed to be in possession of such information, abstain from transacting in the securities of the Company before the same has been communicated in public.

The Code of Conduct for Prevention of Insider Trading is available on Company's website. All employees are expected to read and understand the policy. The Designated Employees are required to read, understand and comply with the said policy and are also required to make necessary disclosures and declarations as specified in the policy.

10. DISCLOSURE TO THE STOCK EXCHANGES AND PUBLIC

It is the Company's policy to provide full, fair, accurate, timely and understandable disclosure in reports and documents that are to be filed with or submitted to the stock exchanges where the Company's shares are listed, statutory authorities and in our other public communications. Accordingly, employees must ensure the compliance with such disclosure controls and procedures. All employees must also respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose.

11. RESPONDING TO INQUIRIES FROM THE PRESS AND OTHERS

The requests for financial or business information about Company from the media, press, financial community, the Securities and Exchange Board of India or other regulators or the public must be referred to the Company Secretary/ Compliance Officer.

12. COMPLIANCE WITH GOVERNMENT LAWS, RULES AND REGULATIONS

All employees must comply with all applicable governmental laws, rules and regulations. The employees must acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers, and to know when to seek advice from the Legal Department. If the ethical and professional standards set out in the applicable laws and regulations are below that of the code, then the standards of the code shall prevail.

13. SHAREHOLDERS

The Company shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors of the Company will duly and fairly inform its shareholders about all relevant aspects of the company's business, and disclose such information in accordance with the respective regulations.

14. FOSTERING COMPETITION

The Company will fully support the development and operation of competitive open markets and will promote the liberalization of trade and investment in each country and market in which it operates. The Company or its employee will not engage in restrictive trade practices, abuse of market dominance or similar unfair trade activities in order to secure commercial gain or advantage. The Company will support the development of laws that promote, encourage or result in fair competition. The Company expects all the employees to conduct themselves in accordance with the company's commitment to foster competition.

15. WHISTLE BLOWER POLICY

The objective of this policy is to provide employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with the Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication. The Company shall provide protection to the employees from unethical work practices and irregularities as well as prevent discrimination or retaliation against employees and business associates who report irregularities and also the methods to encourage employees and Business Associates to report evidence of fraudulent activities. The employees can make Protected Disclosures to the Ethics Committee as per the procedure defined in the policy, on becoming aware of any wrongful conduct or activity within 30 days after becoming aware of the same. The identity of the Whistle Blower shall be kept strictly confidential. The Whistle Blower policy is available on.

16. VIOLATIONS OF THE CODE

It is a part of the employee's job, and his/her ethical responsibility to help enforce this Code. The employees should be alert to possible violations and report this to the Compliance Officer or the Company Secretary. The employees should cooperate in any internal or external investigations of possible violations. Actual violations of law, this code, or other Company policies or procedures, should be promptly reported to the Compliance Officer or the Company Secretary. The Company will take appropriate action against those whose actions are found to violate the Code or any other policy of the Company.

17. WAIVERS AND AMENDMENTS TO THE CODE

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

ACKNOWLEDGMENT FOR THE EMPLOYEES

I have received and read the Company's Code of Conduct and Ethics for employees.

I understand and agree to comply with the standards and policies contained in the above mentioned Code of Conduct and understand that there may be additional policies or laws specific to my job.

- Name of the Employee
- Employee Code
- Designation
- Location
- Signature
- Date

