

Code of conduct and ethics

Vijayeswari Textiles Limited

FOREWORD

The values and principles which have governed the manner in which; Vijayeswari Textiles Limited and all its subsidiaries from time to time ('VIJAYESWARI' / 'Company'); All the Directors on the Board of VIJAYESWARI and/ or its subsidiary (ies);

Every employee of the Company, and all its subsidiaries from time to time, (whether working in India or abroad), including the Directors in the employment of the Company; conduct themselves has never been articulated. It was therefore considered worthwhile to prepare a clearly defined document which would serve as a guide to the Directors and Employees on the values, ethics and business principles expected of him or her.

The recent amendment to Clause 49 of the Listing Agreement relating to Corporate Governance made by the Stock Exchanges at the instance of the Securities and Exchange Board of India requires the Board of Directors of a listed company to lay down a code of conduct for all Board members and senior management of the company ('Code') which has to be posted on the website of the company. All Board members and senior management personnel are required to affirm compliance with the Code on an annual basis. The annual report of the Company is required to contain a declaration to this effect.

I urge the Directors and Employees to read this document and take pride in upholding the high standards of corporate and personal behavior on which Vijayeswari's reputation and respectability have been built over the past five years.

The following procedures and guidelines are intended to deal with the most common practical implications of the above principles, but they cannot deal specifically with every potential situation that may arise. Where a member is in doubt as to how a particular situation should be dealt with from an ethical standpoint, he may consult with the CEO or the Compliance Officer, or may access independent professional advice. Where a member wishes to take such advice, he should first consult with the Compliance Officer.

1. National Interest

Vijayeswari shall be committed in all its actions to benefit the economic development of the countries in which it operates and shall not engage in any activity that would adversely affect such objective. It shall not undertake any project or activity to the detriment of the Nation's interests or those that will have any adverse impact on the social and cultural life patterns of its citizens. Vijayeswari shall conduct its business affairs in accordance with the economic development and foreign policies, objectives and priorities of the Nation's government and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level as appropriate.

2. Financial Reporting And Records

Vijayeswari shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs.

Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to company auditors, other authorized parties and government agencies. There shall be no willful omissions of any company transactions from the books and records, no advance income recognition and no hidden bank account and funds.

Any willful material misrepresentation of and/or misinformation on 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.

3. Competition

Vijayeswari shall fully strive for the establishment and support of a competitive open market economy in India and abroad and shall co-operate in the efforts to promote the progressive and judicious liberalization of trade and investment by a country.

Specifically, Vijayeswari shall not engage in activities which generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices.

Vijayeswari shall market its goods and services on its own merits and shall not make unfair and misleading statements about competitors' goods and services. Any collection of competitive

information shall be made only in the normal course of business and shall be obtained only through legally permitted sources and means.

4. Equal-Opportunities Employer

Vijayeswari shall provide equal opportunities to all its Employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, material status, sex, age, nationality, disability and veteran status. Employees of Vijayeswari shall be treated with dignity and in accordance with the Vijayeswari's policy to maintain a work environment free of sexual harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner that would ensure that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

5. Gifts And Donations

Vijayeswari and its Directors and Employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, Vijayeswari and its Directors and Employees may accept and offer nominal gifts which are customarily given and are of commemorative nature for special events/occasions.

6. Government Agencies

Vijayeswari, its Directors and its Employees shall not offer or give any company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favorable performance of official duties.

7. Political Non-Alignment

Vijayeswari shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. Vijayeswari shall not contribute any amount or amounts, directly or indirectly, to any specific political party or for any political purpose to any person except in accordance with and in the manner and within the limits prescribed under the provisions of applicable laws

8. Health, Safety And Environment

Vijayeswari 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. Vijayeswari shall be committed to prevention of the wasteful use of natural resources and minimization of any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

9. Quality Of Goods And Services

Vijayeswari shall be committed to supplying goods and services of the highest quality standards backed by efficient after-sales service consistent with the requirement of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services should at least meet the required national standards and the Company should constantly endeavour to achieve the best international standards.

10. Corporate Citizenship

Vijayeswari shall be committed to be good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities, in which it operates, with the objective of making them self-reliant. Such social responsibility would comprise, to initiate and support community initiatives in the field of community health and family welfare, water management, vocational training, education and literacy and encourage application of modern scientific and managerial techniques and expertise. This will be reviewed periodically in consonance with national and regional priorities. The Company would also not treat these activities as optional ones but would strive to incorporate them as integral part of its business plan. The Company would also encourage volunteering amongst its employees and help them to work in the communities. Vijayeswari is encouraged to develop social accounting systems and to carry out social audit of their operations.

11. Shareholders

Vijayeswari shall be committed to enhancing shareholder value and complying with all regulations and laws that govern shareholders' rights. The Board of Directors of Vijayeswari shall 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 and agreements.

12. Ethical Conduct

Every Director and Employee of Vijayeswari shall deal on behalf of the Company with professionalism, honesty, integrity as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

Every Director and Employee shall be responsible for the implementation of and compliance with the Code in his professional environment. Failure to adhere to the Code could attract the most severe consequences including termination of employment of Employee.

13. Regulatory Compliance

Every Director and Employee of Vijayeswari shall, in his business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he operates. 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.

14. Concurrent Employment

An Employee of Vijayeswari shall not, without the prior approval of the Board of Directors of the Company, accept employment or a position of responsibility (such as a consultant or a director) with any other company, nor provide “free-lance” services to anyone.

15. Conflict Of Interest

- a. Every Director and Employee of Vijayeswari shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of the Company or the Group. A conflict of interest, actual or potential, may arise where, directly or indirectly:-
- b. Director and Employee of Vijayeswari engages in a business, relationship or activity with anyone who is party to a transaction with the Company,
- c. Director and Employee is in a position to derive a personal benefit or a benefit to any of his relatives by making or influencing decisions relating to any transaction, and
- d. an independent judgment of the Company’s or Group’s best interest cannot be exercised
- e. The main areas of such actual or potential conflicts of interest would include the following:

- i. Financial interest of Director and Employee of Vijayeswari 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 Vijayeswari. (The ownership of upto 1% of the subscribed share capital of a publicly held company shall not ordinarily constitute a financial interest for this purpose.)
 - ii. Director and Employee of Vijayeswari conducting business on behalf of his Company or being in a position to influence a decision with regard to his Company's business with a supplier or customer of which his relative is a principal officer or representative, resulting in a benefit to him or his relative.
 - iii. Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative/s of the Employee of Vijayeswari where such an individual is in a position to influence the decision with regard to such benefits.
 - iv. Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the Company.
- f. Notwithstanding that such or other instances of conflict of interest exist owing to any historical reasons, adequate and full disclosure by the interested Directors and Employees should be made to the Company's management. It is also incumbent upon every Director and Employee to make full disclosure of any interest which the Director and Employee or the Director's / Employee's immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with his Company.
- g. Every Director and Employee who is required to make a disclosure as mentioned above shall do so, in writing, to his immediate superior who shall in turn will place it before the Board of Directors/Committee appointed by the Board and, upon a decision being taken in the matter, the Director / Employee concerned will be required to take necessary action as advised to resolve/avoid the conflict.
- h. If Director/ Employee fails to make a disclosure as required herein and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the Employee concerned, the Board of Directors would take a serious view of the matter and consider suitable disciplinary action against the Director/ Employee.

16. Securities Transactions And Confidential Information

- a. The Director/ Employee of Vijayeswari and his immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company or the Group which is not in the public domain and thus constitutes insider information/ unpublished price sensitive information.
- b. The Director/ Employee of Vijayeswari 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 respective Vijayeswari on which such insider information has been obtained
- c. The Directors and Employees of the Company shall scrupulously and diligently follow the Code of Conduct for Prevention of Insider Trading in the Securities of the Company and the relevant regulations of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and other applicable regulations in force from time to time.

17. Protecting Company Assets

The assets of Vijayeswari 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 proprietary information, relationships with customers and suppliers, etc.

18. Integrity Of Data Furnished

Every Director and Employee of Vijayeswari shall ensure, at all times, the integrity of data or information furnished by him to the Company.

19. Reporting Concerns

Every Director and Employee of Vijayeswari shall promptly report to the management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of his or Vijayeswari.

20. Compliance With Laws, Rules And Regulations

Every Director and Employee of Vijayeswari who are subjects to this Code of Conduct are required to comply with every applicable laws for the time being in force and rules and regulations made there under. They are also expected to encourage and promote statutory compliance in its true letter and spirit. Should they come across or witness any non-compliance by any subject, they are expected to notify the same to the Board at the earliest.

21. Miscellaneous

a. Amendment to the Code

Any amendment to this Code can be made by or under the authority of Board of Directors and shall be intimated to all the subjects without delay.

b. Waiver of/Exemptions from Code

Only the Board of Directors or any Committee thereof can grant any waiver from or exemptions from this Code. However the Board cannot grant exemptions or waivers which are in violations of or not in consonance with true letter and spirit of any applicable law for the time being in force or rules and regulations made there under.

c. Ascertain what is expected from you:

In every situation subjects are expected to know what is expected of them and should strictly act accordingly. As the subjects are expected to meet novel situations every now and then, considering the level they are working, they are expected to take proper counsel from their senior or may consult the Compliance Officer.

Additional code for the directors of the company including managing/ joint managing/ deputy managing directors (board member/s)

1. Duty to Attend Board/ Committee Meetings

- a. It is imperative for the executive management to ensure that all papers related to the agenda for the meeting, including financial results and their variance analysis, reach the Board members at least 5 working days in advance of the Committee/Board meeting, to enable Board members to read and understand all documents. Directors cannot meaningfully participate in Committees of the Board or Board meetings without first reading and understanding the documents.
- b. To enable Board members plan their schedules, it is necessary to fix the date of future meetings well in advance, and it is good practice for the Board to agree on a calendar of

Board meetings/AGM dates for each six (6) month period. This also enables the Board members to know and observe the no-transaction/ trading window is closed period for the purchase/sale of company shares under the Code of Conduct for Prevention of Insider Trading in the Securities of the Company prior to the quarterly board meeting/ general meetings of the Company.

- c. The Board Members should make concerted effort to attend all Board/Committee meetings and in case he/she is unable to attend the meeting, same shall be notified to the Chair. If it is apparent that Board Member is likely to miss several Board meetings and therefore is unable to fulfill his obligations, he should consider his/her continuation as member of the Board or shall consider appointing an alternate director.
 - d. Before coming to the meeting, Board Members should read and understand the agenda papers and other relevant documents sent along with the notice of meeting and be prepared for the discussions.
 - e. Board Members should participate actively and constructively in the discussions of the Board and will follow the guidelines agreed on by the Board regarding how it will govern and conduct itself. Members can express his views, opinions, contrary opinions on matters under discussion or consideration by the Board of Directors.
 - f. The Board of Directors from time to time constitutes various committees with specific reference. Board Members shall attend all the committee meetings and shall ensure that all the reference points are addressed within the prescribed time and format. Presently, the Board of Directors has constituted following Committees: Audit Committee; Remuneration/ Compensation Committee; Shareholders'/ Investors' Grievance Committee.
 - g. Board Committee meetings, especially the Audit Committee meetings, need to be so scheduled as to give the Committees sufficient time to deliberate upon matters prior to the Board meeting. All Committees formed should formally meet, as often as necessary, and for this purpose Committee meetings may be scheduled one day prior to the Board meeting, especially the Audit Committee meeting.
- 2. Active participation in the proceeding at the Board / Committee Meetings:**
- a. The Board Members should participate actively in the proceedings at the Board / Committee Meetings of the Company and shall provide a visionary leadership and to make a positive

- contribution to the business and direction to the Company, ensuring that the company it's fulfilling obligations to its stakeholders as well as its legal and regulatory requirements.
- b. The managing / whole time Directors or other non-executive Directors, if given any operational responsibility shall while participating in the business of the Company, should act honestly, in good faith and in the best interests of the Company, his/her fellow members and the community and should exercise due care, diligence and skill of a reasonably prudent person under comparable circumstances. It shall be their duty to oversee the management of the affairs and business of the Company while allowing and maintaining independence of operating management.

3. Duty to Review Certain Reports/Compliances:

- a. The Board / Committee Members are required to review certain reports / compliance statements about the affairs of the Company at such intervals as may be prescribed from time to time. Following is the indicative (but not exhaustive) list of such reports / compliance statements. The Board / Committee Members may add or modify the reports as they may feel appropriate to ensure statutory compliance and smooth & transparent operations of the Company. Statutory Compliance Report Annual and Quarterly Financial Statements along with necessary reports; Report on compliance of Code of Corporate Governance; Review of Company's Risk Management policies; Review of Company's investments and policy thereof; Annual Operating Plans and Budgets; Remuneration policies for Executive, Non-Executive Directors and Senior Management personnel; Review of Internal controls – Systems and Procedures; Implementation and review of internal codes including Code for Prevention of Insider Trading, Code of Corporate Disclosure Practices, Code of Ethics & Business Principles etc.

Conflicts Of Interest

1. While performing their duties, the Directors will carry out their responsibilities to the exclusion of any personal advantage, benefit or interest. The Directors acknowledge their obligations under the provisions of the Companies Act, 1956, the Disclosure and Investor Protection Guidelines issued by the Securities and Exchange Board of India and shall strictly comply with such applicable Indian and foreign laws, regulations and shall not act by themselves not aid or abet any person acting contrary to any such provisions, judgments, orders – judicial, quasi-judicial, administrative or otherwise issued by a competent authority.

2. The Directors shall avoid any situation involving a conflict, or the appearance of a conflict, between their personal interests and the performance of their official duties. If such a conflict arises, the Directors shall promptly inform the Board of Directors and withdraw from participation in decision-making connected with the matter. If the conflict is potential rather than actual, the Directors shall seek the advice of the Board about whether they shall recuse themselves from the situation that is creating the conflict.

Continuous Disclosures

Under Company law, Listing Agreements, and other applicable laws Directors are required to disclose certain information to the Company at regular intervals or as and when some development takes place in the previous disclosures made by the directors. A summary of such disclosure requirements is as under:

1. **Disclosure of Interest in other Companies/Firms**

The Board Members will provide the Company Secretary (on appointment and at such intervals as may be prescribed or when requested by the Company Secretary and where significant changes occur in the interim) with details relating to his employment, other business interests and list of all companies/firms in which he is interested directly or through his relatives.

2. **Disclosure of Certain Transactions**

Board Members agree that where the Company has entered into any contractual arrangement with a company or body in which a member has a declared interest, such support or arrangement shall be disclosed to the Board and same shall also be disclosed in the annual financial statements. If there is a conflict of interest or duty of director any transaction, he must account to the Company for any benefit he receives in the transaction unless otherwise decided by the Board and Members in their meeting.

3. **Disclosure of serious defaults by the Companies/ Firms where the Director has an interest**

Board Members shall ensure that any of the company (ies) where he/she is a director is not in serious default such as default in repayment of loan to financial institutions and interest thereof and repayment of public fixed deposits, non preparation of annual accounts, material breach of SEBI and other corporate laws. Whenever, such situation arise directors shall get in touch with the Compliance Officer for appropriate further action and shall inform the Board. On annual basis a declaration in this regard in the specified format is to be submitted to the Company.

Communication Protocol

Generally, all communication by a non-executive Board member to an employee or associate should to be routed through the Chairman, Managing Director or lastly the Compliance Officer. However, there could be task forces formed comprising of non-executive Board members and Employees and in such event, the non-executive Board members may freely communicate with the Employees on their specific task forces.

Public Statements

Directors shall always bear in mind the Code of Corporate Disclosures. Directors shall make public statement or express any opinions to the press only in the manner approved by the Board of Directors. When making public statements on matters related to the Company, the Directors shall make it clear whether they are speaking on behalf of the Board.

All this should be read in consonance with all corporate governance related disclosures and discussions that are published in the annual reports of Vijayeswari.