

CODE OF CONDUCT

The Corporate Governance Policy is the apex instrument guiding affairs of the Company and clearly defines the roles, responsibilities and authorities of the key people in the governance of the Company. This code forms an integral part of the Company's Governance Policy. As required under Clause 49 of the Listing Agreement the following code of conduct is applicable and strictly followed by the Members of the Board of Directors and Senior Management of the Company.

National Interest

The Company shall conduct its business affairs in accordance with the economic development and foreign policy objectives of the country and strive to make a positive contribution at the international, national and regional levels. It shall not undertake any activity that will have any adverse impact on the social and cultural life of the citizens.

Equal- Opportunities Employer

The Company provides equal opportunities to qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, etc. Employees of the Company are treated with dignity and it maintains a work environment free of sexual harassment. Employees are encouraged to take additional responsibilities so to provide equal opportunity for upward mobility on merit-based system.

A Gender Friendly Workplace

The Company is committed to a gender friendly workplace. It provides equal opportunities for men and women; it institutes good employment practices; and abhors sexual harassment at the workplace.

Sexual harassment includes unwelcome physical contact, demand or request for sexual favours, sexually coloured remarks, showing pornography, and any other unwelcome physical, verbal or non-verbal conduct of a sexual nature. Parmeshwari Silk Mills Limited encourages employees to report any harassment and has instituted proper method to take appropriate action, when required.

Ethical Conduct

All Employees of the Company, including Members of the Board of Directors and Senior Management of the Company, shall deal on behalf of the Company with professionalism, honesty and 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.

Use of Company Assets

All assets of the Company, tangible and intangible, shall be employed for the purpose of conducting the business for which they are duly authorized. None of the assets of the Company shall be misused or diverted for personal purpose.

Gifts and Donations

The Company shall neither receive nor offer or make, directly or indirectly, any illegal Payments, remunerations, gifts, donations or benefits to obtain business or uncompetitive favours for the conduct of its business. However, nominal gifts for special events can be exchanged by employees provided the same is disclosed to the management immediately.

Government Agencies

The Company 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 favourable performance of official duties.

Political Non – Alignment

The Company shall not publically support any specific political party or candidate for political office. The Company shall not offer or give any company funds or property as donations to any specific political party, candidate or campaign. The employees are free to exercise their democratic rights on individual basis without implying, directly or indirectly, any involvement of the Company.

Citizenship

The officers and employees of the Company shall be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interests of the Company.

Conflict of Interest

Any Director or Management Employee of the Company shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of the Company.

A conflict of interest, actual or potential, may arise when, directly or indirectly:

- a) A person engages in a business relationship or activity with anyone who is party to a transaction with the Company.
- b) A person derives benefit to any of his/her relatives by making or influencing decision relating to any transaction of the Company.
- c) An independent judgment in the best interest of the Company cannot be exercised for personal reasons.
- d) A person or his/her relatives investment in any Company which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the Company (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).
- e) A person conducts/influences business on behalf of the Company with a supplier or customer of whom his/her relative is a principal, officer or representative, resulting in a benefit to him/her or his/her relative.
- f) A person awards benefits, such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee of the Company, where such an individual is in a position to influence the decision with regard to such benefits.
- g) A person accepts gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealing with the Company unless a full disclosure, in writing, has been made to the Company's management or the Board of Directors and approval received in writing.
- h) A person accepts employment, a position of responsibility (such as a consultant or a director) or provides 'freelance' services to any other Company without approval of the Board of Directors of the Company.

Corporate Opportunities

An officer shall not exploit for his/her personal gain, opportunities that are discovered through the use of Company property, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board declines to pursue such opportunity.

Representation

The officers shall not write, appear or represent himself as the Company to any third party unless authorized by the Company in writing.

Cost Consciousness

All the directors and senior management employees of the Company shall strive for optimum utilization of available resources. They shall exercise care to ensure that costs are reasonable and there is no wastage and ostentation in Company expenditure shall be avoided.

Integrity

Every officer and employee of the Company shall ensure the integrity of data or information furnished to the Company.

Transparency

All directors, officers and employees shall ensure that their actions in the conduct of business are totally transparent except where the need of business security dictate otherwise. Such transparency shall be brought about through appropriate policies, systems and processes including as appropriate, segregation of duties, tiered approval mechanism and involvement of more than one manager in key decisions and maintaining supporting records. Operations and activities shall be audited periodically to ensure transparency.

Confidentiality

All directors and management employees shall ensure that any confidential information gained in their official capacity is not utilized for personal profit or for the advantage of any other person. They shall not disclose in writing/verbal any facts, figures, information, trade secrets and/or confidential documents obtained during the course of business relationship with Company to any person/authority/organization/statutory body unless required by law and/or with specific written permission of the Company.

They shall not provide any information either formally or informally to the press or to any other publicity media unless specifically authorized to do so. They shall adhere to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992

Intellectual Property Rights

All documents, processes, manuals, literature, systems etc. or any other intellectual property developed or created by the officers during the association with the Company are sole Intellectual Property of the Company.

Quality of Products and Services

The Company and its officers shall be committed to supply goods and services of the highest quality standards, backed by efficient after sales service consistent with the requirements of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services shall meet the required national standards and the Company shall endeavor to achieve international standards.

Competition

The Company and its officers shall strive to establish and support a competitive, open market economy. Specifically, the Company shall not engage in activities, which generate or support formation of monopolies, cartels and similar unfair trade practices.

The Company and its officers shall market the products and services of the Company on its own merits and shall not make unfair and misleading statements about the Company's or competitors' products and services. Any collection of competitive information shall be made only in the normal course of business through legally permitted means.

Financial Reporting and Records

The Company and its officers shall prepare and maintain accounts of the Company's business affairs fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

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 and other authorized parties and government agencies. There shall be no willful omission of any transaction from the books and records, no advance income recognition, and no hidden bank account and funds.

Health, Safety and Environment

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

Legal Compliances

All directors and officers of the Company shall ensure compliance with all the relevant laws and regulations affecting operations of the Company. They shall keep abreast of the affairs of the Company and be kept informed of the Company's compliance with relevant laws, rules and regulations. In the event that the implication of law is not clear, the course of action chosen must be supported by eminent legal counsel whose opinion shall be documented. Violations of applicable governmental laws, rules and regulations may subject them to individual criminal or civil liability, as well as it may also subject the Company to civil or criminal liability or the loss of business.

Shareholders

1. 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 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.
2. The company shall provide adequate and timely information to shareholders.
 - (a) Shareholders shall be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be discussed at the meeting.
 - (b) Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership shall be disclosed.
 - (c) All investors shall be able to obtain information about the rights attached to all series and classes of shares before they purchase.
3. The company shall ensure equitable treatment of all shareholders, including minority and foreign shareholders.
 - a. All shareholders of the same series of a class shall be treated equally.
 - b. Effective shareholder participation in key Corporate Governance decisions, such as the nomination and election of board members, shall be facilitated.
 - c. Exercise of voting rights by foreign shareholders shall be facilitated.
 - d. The company shall devise a framework to avoid Insider trading and abusive self-dealing.

e. Processes and procedures for general shareholder meetings shall allow for equitable treatment of all shareholders.

f. Company procedures shall not make it unduly difficult or expensive to cast votes.

B. Role of stakeholders in Corporate Governance

1. The company shall recognize the rights of stakeholders and encourage co-operation between company and the stakeholders.

a. The rights of stakeholders that are established by law or through mutual agreements are to be respected.

b. Stakeholders shall have the opportunity to obtain effective redress for violation of their rights

c. Company shall encourage mechanisms for employee participation.

C. Disclosure and transparency

1. The company shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the company.

a. Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.

b. Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by users.

c. The company shall maintain minutes of the meeting explicitly recording dissenting opinions, if any.

d. The company shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

Board of Directors

A. Composition of Board

1. The Board of Directors of the company shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors comprising non-executive directors.

2. Where the Chairman of the Board is a non-executive director, at least one-third of the Board shall comprise independent directors and in case the company does not have a regular non-executive Chairman, at least half of the Board shall comprise independent directors.

Provided that where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

B. Independent Directors

1. For the purpose of the clause A, the expression 'independent director' shall mean a non-executive director, other than a nominee director of the company:

a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

c. apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

d. None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakhs rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

e. who, neither himself nor any of his relatives —

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the company;

f. who is not less than 21 years of age.

2. Limit on number of directorships

a. A person shall not serve as an independent director in more than seven listed companies.

b. Further, any person who is serving as a whole time director in any listed company shall serve as an independent director in not more than three listed companies.

3. Maximum tenure of Independent Directors

a. An independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the company.

4. Performance evaluation of Independent Directors

a. The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors.

b. The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.

c. The performance evaluation of independent directors shall be done by the entire Board of Directors (excluding the director being evaluated).

d. 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.

5. Separate meetings of the Independent Directors

a. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. All the independent directors of the company shall strive to be present at such meeting.

b. The independent directors in the meeting shall, *inter-alia*:

i. review the performance of non-independent directors and the Board as a whole;

ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

iii. 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.

Securities Transactions and Insider Information

The officers and employees of the Company and his or her 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, which is not in the public domain. The officers and employees of the Company shall not use or proliferate information which is not available to the investing public for making or giving advice on investment decisions on the securities of the Company. Such insider information might include the following:

Financial results of the Company including profits, earnings and dividends; Announcement of new product introductions or developments; Major supply and deliver agreements; Raising finances, Assets revaluations; Restructuring plans; Divestiture of businesses or business units; Investment plans; Expansion/new projects; Acquisition, amalgamation, merger or takeover; Issue of new securities or buy back of its own shares;

Interaction with Media

The Directors and officers of the Company, other than the designated spokespersons, shall not engage with any member of press and media in matters concerning the Company. Instead they shall direct any requests to the designated spokespersons.

Reporting Concern

Every officer and employee of the Company shall promptly report to the management any violation of this code, or an event that could affect the business or reputation the Company.

Waivers

Any waiver of any provision of this Code of Conduct for a director, officer or employee must be placed for approval before the Company's Board of Directors and such waiver shall be granted in writing.

Violation

Any instance of violation of this Code of Conduct shall be brought to the attention of the immediate reporting authority or the Board of directors and shall be dealt with appropriately.