

SOMANY CERAMICS LIMITED

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

PREAMBLE

The Code of Conduct (“the Code”) shall be the Code of Conduct for Directors and Senior Management Personnel of Somany Ceramics Limited (“the Company”).

The purpose of the Code is to further enhance the existing ethical and transparent process in the management of the Company. However, the Code is not intended to cover every legal or ethical issue that may arise in course of the business.

The Code was approved by the Board of Directors in their meeting held on 29th October, 2005. The Code shall come into force with effect from 19th May, 2012.

The Directors and Senior Management Personnel are expected to read, understand and to uphold standards set out under the Code and shall ensure that the Code percolates to all the employees of the Company.

To keep pace with the fast changing Corporate Environment, the Company is committed to continuously review and update the policies laid hereunder. Therefore, for better governance, the Code may be modified by Board of Directors, from time to time.

1. DEFINITIONS

- 1.1 **‘Director’** or **‘Directors’** shall mean a Director on the Board of Directors of the Company.
- 1.2 **‘Senior Management Personnel’** means:
 - I Executives in the grade of Deputy General Manager and above; and
 - II Functional, Divisional and Product Heads;
- 1.3 **‘Price sensitive information’** means any information which relates directly or indirectly to the Company and which if published is likely to materially affect the price of securities of the Company. The following shall be deemed to be price sensitive information:-
 - i) periodical financial results of the Company;
 - ii) intended declaration of dividends (both interim and final);

- iii) issue of securities or buy-back of securities;
- iv) any major expansion plans or execution of new projects;
- v) amalgamation, mergers or takeovers;
- vi) disposal of the whole or substantial part of the undertaking; and
- vii) significant changes in policies, plans or operations of the Company.
- viii) Any other information which are price sensitive.

1.4 **'Unpublished'** means information which is not published by the Company or its agents and is not specific in nature. Speculative reports in print or electronic media shall not be considered as published information.

2. **APPLICABILITY OF THE CODE**

The Code is divided into two parts i.e. Part A and Part B

Part A shall be applicable to the Directors of the Company.

Part B shall be applicable to Senior Management Personnel.

3 **KEY REQUIREMENTS**

PART A

The Directors of the Company shall endeavour and would

- a) use due care and diligence in performing their duties as Director in exercising the powers entrusted/attached to the office of Director,
- b) act honestly and use their powers in good faith and in the best interests of the Company,
- c) not make improper use of information nor take improper advantage of their position as a Director,
- d) not allow personal interest to conflict with the interest of the Company and shall conduct their dealings at arms length to avoid actual or potential conflict of interest,
- e) make all necessary disclosures to the Company in terms of the Companies Act 1956, Listing Agreements, and all other laws for the time being in force,
- f) not engage in conduct which may bring discredit to the Company or tarnish the tradename and/or goodwill of the Company,

- g) be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors,
- h) ensure the confidentiality of information they received by virtue of being a Director and disclose only when authorized by the Company or required by law. Directors shall not disclose confidential information even after he/she ceases to be a Director of the Company,
- i) treat the employees of the Company with dignity & respect and in the manner so as to avoid gender bias, sexual harassment and racial discrimination,
- j) not indulge in trading in Company's securities on the basis of unpublished price sensitive information and shall comply with the requirements of Company's Code for Prohibition of Insider Trading i.e. Somany a Share Transaction Code of Conduct for Prohibition of Insider Trading.

PART B

I The Senior Management Personnel shall

- a) accomplish all tasks, while working in the Company as well as while representing the Company, with highest degree of honesty, integrity and professional ethics.

The honest conduct is a conduct free from any fraud or deception. The ethical conduct is a conduct conforming to the accepted professional standards of conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

- b) safeguard and protect the Company's assets against misappropriation, loss, damage and ensure their efficient use. Using Company's assets for personal gain is prohibited.
- c) carry on the business of the Company in compliance with all relevant and applicable laws, rules and regulations.
- d) ensure that financial records and present financial reports in accordance with the provisions of law and applicable accounting standards so as to, give a true and fair view of the state of affairs of the Company.

- e) ensure that necessary internal control systems are enforced effectively whereby fraud and other irregularities, if any, are detected and timely remedial action is taken,
- f) maintain the confidentiality of the information coming to them during the course of their employment and shall not divulge such information except in the ordinary course of discharge of their duties or if required to do so under law.

Senior Management Personnel shall not disclose any information, either formally or informally, to media or press unless specifically authorized by the Company.

Senior Management Personnel shall not disclose confidential information even after he / she ceases to be in the employment of the Company.

- g) make all necessary disclosures to the Company in terms of the Companies Act 1956, Listing Agreements, and all other laws, for the time being in force.
- h) act at all times in the Company's best interest and shall conduct their dealings at arms length to avoid possibility of actual or potential conflict of interest.

Senior Management Personnel are also expected to fully disclose to the Board of the Company all material financial and commercial transactions where they have personal interest that may have a potential conflict with the interest of the Company at large.

- i) treat employees of the Company and all other persons while discharging his / her duties, with dignity and respect and in the manner so as to maintain a work environment free sexual harassment and discrimination whether racial, religion, caste, sex or otherwise.
- j) deal fairly with the Company's customers, lenders, investors, service providers, suppliers and community at large. None should take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.
- k) maintain highest level of professional conduct that would enhance the image, goodwill and credibility of the business of the Company.

II The Senior Management shall not

- a) engage in any activity detrimental to or against the interest of the Nation.
- b) solicit, accept or retain any gift, entertainment, trip discount, service, or other benefit from any organization or person doing business or competing with the business of the Company, other than modest gifts, courtesy or entertainment as a part of normal business courtesy and hospitality that will not affect his/her responsibility, duty or honesty towards the Company and acceptance of benefit that has been disclosed to the Company. Acceptance of cash gift is strictly prohibited.
- c) indulge in trading in Company's securities on the basis of unpublished price sensitive information.

Senior Management Personnel are expected to comply with Company's Code for Prohibition of Insider Trading i.e. Somany Share Transaction Code of Conduct for Prohibition of Insider Trading

4. DISCIPLINARY ACTIONS

The matters covered in the Code are of utmost importance to the Company and are essential to the Company's ability to conduct its business in accordance with the stated values. The Directors and Senior Management Personnel are expected to adhere to the Code. Appropriate actions will be taken by the Board of Directors in case of Directors and by the Chairperson in case of Senior Management Personnel for breach of the Code.

5. COMPLIANCE WITH CODE OF CONDUCT

The Directors and Senior Management Personnel shall make the disclosure under the Code affirming their adherence to the Code as per the format given in 'Annexure A' of the Code. This disclosure shall be made to the Compliance Officer within 30 days of close of every financial year.

Annexure A

The Board of Directors
Somany Ceramics Limited,
82/19 Bhakerwara Road,
New Delhi-110041

**Reg.: Compliance with Code of Conduct for Directors and
Senior Management Personnel ***

I _____ hereby affirm the compliance with the Code of
Conduct for Directors and Senior Management Personnel during the financial
year

Signature:
Name :
Designation:

Date :
Place :

** to be submitted within 30 days of close of every financial year.*