

VARDHMAN POLYTEX LIMITED

CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGEMENT PERSONNEL

1. INTRODUCTION

The Company is in the process of maintaining international standards of Corporate Governance keeping in view the requirements in the dynamic market. The Company is trying to exceed and excel through better Corporate Governance and transparent policies, out of all some policies are already in operation before the compulsion imposed by the regulatory commission such as SEBI.

The term Corporate Governance has become an accepted & known phenomenon though it is a buzzword of the decade. Various statutes and regulations have been come-up about the definition & framework of the Corporate Governance after the collapse of various big industrialists in the developed countries. But in spite of that it is not possible or it is difficult to provide a uniform definition about the term Corporate Governance.

2. APPLICABILITY

The Code of Ethics is applicable to the Board of Directors and Senior Management Personnel of the Company.

3. INTERPRETATION

“Board” shall mean the Board of Directors of the Company.

‘Chief Executive Officer’ shall mean an individual appointed as Manager of the Company under the Companies Act, 1956 who, by virtue of an agreement with the Company, which has been approved by way of a resolution, passed by the Company in General Meeting, has the management of the whole, or substantially the whole, of the affairs of the Company.

‘Chief Operating Officer’ shall mean an employee who has been entrusted responsibility of managing any one or more of Units of the Company.

‘Chief Financial Officer’ shall mean any person responsible for managing all funds, reviewing the financial statements, establishing and maintaining internal controls and who shall be either a member of the Institute of Chartered Accountants of India or Institute of Cost and Works Accountants of India.

‘The Company’ shall mean Vardhman Polytex Ltd.

‘Executive Director’ shall mean and include Company’s Managing Director, Functional Directors, and such other Directors are in full time employment of the Company.

‘Independent Director’ shall mean a non-executive director of the Company who:

- a) *apart from receiving director’s remuneration. Does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;*
- b) *is not related to promoters or persons occupying management positions at the board level or at one level below the board;*
- c) *has not been an executive of the company in the immediately preceding three financial years;*
- d) *is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:*
 - i). *the statutory audit firm or the internal audit firm that is associated with the Company, and*
 - ii). *The legal firm(s) and consulting firm(s) that have a material association with the Company.*
- e) *is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director; and*
- f) *is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.*

‘Non-Executive Director’ shall mean those members on Board who are not in whole time employment of the Company.

“Senior Management Personnel” shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

4. COMBINED CODE OF CONDUCT

The Combined Code of the Company is based on the following fundamental principal for Directors & Senior Management:

- a. ***Performance of duties----*** *The Directors & Senior Management Personnel will exercise due care and diligence in the performance of their duties of office and will not undertake any activity which is pre-judicial to the interests of the Company.*
- b. ***Honesty is the best policy----*** *The Directors & Senior Management Personnel shall act in accordance with the highest standards of honesty &*

integrity. They will always act in good faith and in the best interests of Oswal Group as a whole

- c. **Confidentiality-** *The Directors & Senior Management Personnel are expected to maintain the highest level of confidentiality of the information which they acquire during the course of the relationship with the Company. They are not expected to use such information for their personal interests.*
- d. **Independent Opinion---** *The Directors & Senior Management Personnel are expected to act as an independent person while making an opinion and make the judgment which will be in the best interests of the Company. Management Principle “Subordination of Individual Interest with the General Interest” should be followed. There should not be the conflict of the personal interests with the organizational interests.*
- e. **Interest of Stakeholders -----***Recognize that their primary responsibility is to Vardhman Polytex’s shareholders as a whole. They will provide all the stakeholders with information that is accurate, complete, objective, relevant, timely and understandable.*