



HISAR SPINNING MILLS LIMITED

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August 01, 2015

To,
The Corporate Relations Department
The BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai -400001

Sub: Compliance of Clause 49II. E. – CODE OF CONDUCT of the Listing Agreement.

Dear Sirs,

We would like to inform you that the Company has adopted code of conduct in compliance with clause 49II. E. – of the listing agreement.

Copy of the aforementioned code is attached. Kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,

For Hisar Spinning Mills Limited

Authorised Signatory



Encl.: As above

CODE OF CONDUCT

INTRODUCTION

A Code of Conduct guides us with a set of principles that reflect the company's values and established standards governing the employees' ethical behavior. It clearly conveys to each of us that the manner in which we achieve our business results matter, just as much as achieving them.

As per revised Clause 49 of the Listing Agreement pertaining to Corporate Governance, all listed companies have to evolve and implement a 'Code of Conduct' for all members of the Board and Senior Managerial Personnel to ensure best board practices, transparent disclosures and shareholder empowerment which are necessary for creating shareholder value.

The Company has accordingly laid down this Code of Conduct (hereinafter referred to as the "Code") for its Board of Directors (hereinafter referred to as "Board") Senior Managerial Personnel (as hereinafter defined). The "Code" is regularly updated and reissued to ensure its comprehensiveness.

This "Code" is framed to comply with Clause 49 of the Listing Agreement (as amended from time to time), entered into with stock exchanges. Wherever there is any variation between the provisions of the "Code" and the provisions of the Listing Agreement as amended, the provisions of the Listing Agreement would prevail over the provisions of the "Code".

The purpose of this "Code" is to ensure better Corporate Governance, effective control and ensure transparency in company's management, in the best interests of the shareholders of the Company.

DEFINITIONS

"Company" denotes Hisar Spinning Mills Limited.

"Board Member" denotes every Director of the Company as may be appointed from time to time.

"Senior Managerial Personnel" denotes personnel of the Company who are members of its key management team and will comprise all members of management one level below the Executive Directors including all functional heads, irrespective of their designation.

"Relative" means relative as defined in Section 2(77) of the Companies Act, 2013.

"Whole Time Director" denotes Directors on the Board of Directors of the Company who are in whole time employment of the Company.



"Non-Executive Director" shall be the Directors on the Board of Directors of the Company who are not in the whole time employment of the Company.

"Conflict of Interest" means where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.

"Independent Directors" means Independent Directors as defined in Section 149(6) of the Companies Act, 2013.

SCOPE

This Code of Conduct of the Company shall be called "The HSML-Code of Conduct" (hereinafter referred to as "Code").

The "Code" shall be applicable to all Executive, Non-Executive and Independent Directors, Senior Managerial Personnel including functional heads.

The "Code" shall be posted on the website of the Company.

HONEST AND ETHICAL CONDUCT

Each Board Member and Senior Managerial Personnel shall observe the highest standards of personnel and professional integrity, honesty and ethical conduct which is free from fraud and deception and which he or she is expected to reflect while working on the company's premises or working for company's business anywhere else including company's sponsored business and social events and/or other place(s) where the Board Member or Senior Managerial Personnel is representing the Company.

In addition to above, Board Member should also ensure the following:

- i) Make reasonable efforts to attend Board and Committee meetings regularly.
- ii) Dedicate time energy and attention to the business to the business affairs of the company and decisions relating thereto, to ensure diligent performance of his duties.
- iii) Seek to comply with all applicable laws, regulations, confidentiality and obligations in the best interest of the company.
- iv) Shall not commit any offences involving moral turpitude or any act contrary to law or opposed to public policy.

CONFLICT OF INTEREST

Each Board Member and/or Senior Managerial Personnel is expected to avoid clash of his or her personal interest with the interest of the company or his or her ability to perform his or her duties and responsibilities for the well-being of the company.

DISCLOSURES



i) To inform the Company immediately about emergence of any situation that may disqualify him/her from Directorship.

ii) Not to hold any office or place of profit in the company by himself or by his/her relatives without full disclosures of information in connection therewith.

iii) Not to make investment in any customer, supplier or competitor of the company such that it may compromise on his/her responsibilities to the Company and any such investment would be with prior and full disclosure of the Company.

iv) To make full disclosures regarding all related party transactions.

CONFIDENTIAL INFORMATION

Any information concerning the Company's business, its customers, suppliers etc. which is not in the public domain and to which the directors or officers has access or possesses such information must be considered confidential and held in confidence unless authorised to do so and when disclosure is required, as a matter of law and shall not be used by him or her for his or her personal gain or advantage.

STATUTORY COMPLIANCE

While carrying out the duties and responsibilities, the Board Member and/or Senior Managerial Personnel of the Company should endeavor to ensure that all the applicable rules and regulations are complied with so as to avoid any harm to the interest of the Company. In addition, if any Board Member or Senior Managerial Personnel of the Company becomes aware of any information that he or she believes and constitutes evidence of any material violation of any law, rules and regulations applicable to the Company for the operation of its business, then such Board Member or Senior Managerial Personnel should immediately bring such information to the attention of the Managing Director of the Company.

PREVENTION OF INSIDER TRADING

The Board of Directors and Senior Managerial Personnel of the Company shall not indulge in the activity of subscribing, buying or selling the securities of the Company, which may be in contravention of the policies prescribed by the SEBI in the matter of Insider Trading. Such persons shall not misuse any unpublished price sensitive information about the Company with others.

CORPORATE OPPURTUNITY

Directors and Officers should not exploit for their own personal gain, opportunities that are discovered through the use of corporate property, information or possession unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board of Directors decline to pursue such opportunities.

PROTECTION OF ASSETS



Protecting the Company's assets is the key responsibility of every employee. Care should be taken to ensure that assets are not misused, misappropriated, loaned to others, or sold or donated, without appropriate authorisation.

GIFTS AND DONATIONS

The Company and its 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 favors for the conduct of its business.

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.

GUIDELINES OF PROFESSIONAL CONDUCT OF INDEPENDENT DIRECTORS

All Independent Directors shall:

1. Uphold ethical standards of integrity and probity.
2. Act objectively and constructively while exercising his duties.
3. Exercise his responsibilities in a bonafide manner in the interest of the Company.
4. Devote sufficient time and attention to his professional obligations for informed and balance decision making.
5. Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
6. Not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage of any associate person.
7. Refrain from any action that would lead to loss of his independence.
8. Where circumstances arise which make an Independent Director lose his independence the Independent Director must immediately inform the Board accordingly.
9. Assist the Company in implementing the best Corporate Governance Practices.



ROLE AND FUNCTIONS OF INDEPENDENT DIRECTORS

The Independent Directors shall:

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
2. Bring an objective view in the evaluation of the performance of Board and management.
3. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
4. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
5. Safeguard the interests of all stakeholders, particularly the minority shareholders.
6. Balance the conflicting interest of the stakeholders.
7. Determine appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and Senior Management and have a prime role in appointing and where necessary recommend removal of Executive Directors, Key Managerial Personnel and Senior management.
8. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

DUTIES OF INDEPENDENT DIRECTORS

The Independent Directors shall:

1. Undertake appropriate induction and regularly update and refresh skills, knowledge and familiarity with the Company.
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.
3. Strive to attend all meetings of the Board of Directors and of the Board committee of which he is a member.
4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members.
5. Strive to attend the general meetings of our company.



6. Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the Minutes of the Board Meeting.

7. Keep themselves well informed about the Company and the external environment in which it operates.

8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.

9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.

10. Ascertain and ensure that the Company has an adequate and functional Vigil Mechanism and to ensure that the interests of a person who uses mechanism are not prejudicially affected on account of such use.

11. Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's "Code".

12. Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees.

13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosures is expressly approved by the Board or required by the Law.

ANNUAL COMPLIANCE REPORTING

This "Code" applicable to Board Members and Senior Managerial Personnel of the company sets forth guidelines for their conduct who shall affirm compliance with the aforesaid "Code" on annual basis and will annually sign a confirmation that they have read and complied with this "Code" and a declaration to this effect shall be given in the Annual Report of the Company to be signed by the Managing Director of the Company. The Board shall determine appropriate actions to be taken in the event of violations of the "Code".

WAIVER AND AMENDMENTS OF THE CODE

SRIL is committed to continuously reviewing and updating its policies and procedures. Therefore, this "Code" is subject to modifications. Any amendment or waiver of any provision of this "Code" must be approved in writing by the Company's Board 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 amendment and waiver.

