



**CODE OF CONDUCT FOR THE MEMBERS OF THE BOARD
OF DIRECTORS AND SENIOR MANAGEMENT**

(Approved by the Board of Directors in their Meeting held on 9th August 2019)



1. INTRODUCTION

As per Regulation 17 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors shall lay down a Code of Conduct for all Members of Board of Directors and Senior Management.

The code shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.

Accordingly, the Company's Code of Conduct for Directors and Senior Management (the "Code") is framed as a part of maintaining and promoting the business conducts and adhering to the standards of Corporate Governance.

2. DEFINITIONS

- a) 'Act' means the Security and Exchange Board of India Act, 1992.
- b) 'Board' shall mean Board of Directors of the Company.
- c) 'Code' shall mean the Code of Conduct for Directors and Senior Management as amended from time to time
- d) 'Company' means the "Loyal Textile Mills Limited" (LTM)
- e) 'Compliance Officer' shall mean any person responsible for all statutory and legal compliances besides providing services to the shareholders.
- f) 'Independent Director' An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director;
 - I. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience
 - II. who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - III. who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent. of his total income or such amount as may be prescribed, 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

- g) "SEBI Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

3. APPLICABILITY

The Code is applicable to the Directors and the Senior Managerial Personnel (all members of management one level below the executive directors, including all functional heads)

4. COMPLIANCE WITH CODE OF CONDUCT

Directors and Senior Management, as mentioned above are expected to read and understand this Code, act in accordance with the highest standards of personal and professional integrity in all aspects of their activities, to comply with all applicable laws, rules and regulations, to deter wrongdoing and abide by the code of conduct of the Company and other policies and procedures adopted by the company that govern the conduct of its Directors and Senior Management.

- a) Nothing in this Code shall constitute or be construed to constitute a contract of employment for a definite term or a guarantee of continued employment.
- b) The Code should be read in conjunction with the policies of the respective business unit.
- c) The responsibility to familiarize with the policies and procedures shall rest with the Directors and Senior Management to whom the code applies.

5. MUTUAL RESPECT, HONESTY AND INTEGRITY

- a) The Directors and Senior Management shall conduct the operations with honesty, integrity and openness with respect for the human rights and interests of the employees.



- b) The Directors and Senior Management shall similarly respect the legitimate interests of those with whom they have relationships both internal and external to the company.

6. CORPORATE BUSINESS OPPORTUNITIES

In carrying out their duties and responsibilities, the Directors and the Senior Management should avoid:

- a) appropriating corporate business opportunities for themselves that are discovered through the use of Company property or information or their position as Directors or part of Senior Management
- b) using company property or information for personal gain
- c) competing with the Company

7. CONFLICT OF INTEREST

The Directors and Senior Management are expected to avoid personal activities and financial interests, which could conflict with their responsibilities to the company. Examples of such conflicts of interest include:

- a) ***Employment / Outside Employment*** -The Directors and Senior Management are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the Company. The Senior Management should not accept simultaneous employment with suppliers, customers, developers or competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position.



- b) **Related Parties** -The Senior Management should avoid conducting the business with the relative, or with a business in which a relative is associated in any significant role. Relative includes spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relationships and in-laws.

The Company prohibits the employment of such individuals in positions that have a financial dependence or influence (eg., an auditing or control relationship), or a supervisor/subordinate relationship.

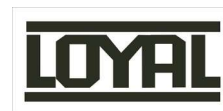
- c) **Payment or Gift from Others**—Under no circumstances the Senior Management may accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from current and prospective customers, vendors, consultants etc that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud.

Gifts may be accepted in the form of non cash items of nominal value, customary and reasonable meals and entertainment at which the giver is present, such as the occasional business meal or sporting event and gifts from family or friends with whom the Senior Management have non business relationship.

- d) **Other Situations** –If any proposed transaction gives rise to any questions or doubts, Senior Management must consult the Chairperson and Whole Time Director.

8. PROTECTION OF ASSETS

The Directors and Senior Management personnel must protect the Company's assets and information and shall not use these for personal use and by maintaining highest standards of security, they should protect intellectual property right of all assets whether in electronic form or otherwise.



9. DISCLOSURES AND REPORTING

- a) The Senior Management will seek to promote fair, accurate, timely and understandable disclosure in the reports and documents filed or submitted to regulatory bodies and circulated to shareholders.

- b) The Company seeks to provide disclosure to the investing community that is not only in conformity with applicable rules of the regulatory bodies, but also fairly presents to the investors and the public the financial condition and results of operations of the Company.

10. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The Senior Management is expected to acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers and comply with all applicable and identified laws, rules and regulations,

11. INSIDER TRADING

The Directors and Senior Management should observe all applicable laws and regulations including the Company policies and Codes as applicable to them with respect to the purchase and sale of the Company's securities.

12. MAINTAINING CONFIDENTIALITY

The Senior Management shall take all reasonable measures to protect the confidentiality of non-public information about the Company or its subsidiaries and their customers obtained or created in connection with their activities and to prevent the unauthorized disclosure of such information unless required by applicable law or regulation or legal or regulatory process.



13. AMENDMENTS AND WAIVERS

Any amendment to the Code or waiver of any of the provision of the Code requires prior approval of the Board.

14. ACKNOWLEDGEMENT AND ANNUAL CERTIFICATIONS

- a) Every person to whom the code applies should sign the acknowledgement form at the end of this Code and return the form to the Compliance Officer indicating that they have received, read and understood, and agree to comply with the Code.
- b) Every person to whom the code applies shall also certify in writing or such prescribed means, his or her continued understanding of this Code before 30th April every year.
- c) The signed acknowledgement forms and Annual Certifications will be maintained by the Compliance Officer.

15. VIOLATION OF THE CODE

- a) Actual violations of law, this Code or other Company policies or procedure should be promptly reported to the Compliance Officer of the Company.
- b) The Company will take appropriate action against any Officer whose actions are found to violate the Code or any other policy of the Company, after giving him a reasonable opportunity of being heard.
