

**CODE OF CONDUCT FOR DIRECTORS AND
SENIOR MANAGEMENT**



ShineFashions(India) Ltd.

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CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

➤ **APPLICABILITY**

This Code applies to:

- (a) Directors of Shine Fashions (India) Limited.
- (b) Members of Senior Management of the Company.

This code is in addition to the Service Rules & Regulations.

➤ **DEFINITIONS**

- 1. “**Company**” means Shine Fashions (India) Limited.
- 2. “**Code**” means Code of conduct for Directors and Senior Management.
- 3. “**Independent Director(s)**” mean independent director as defined under the Companies Act, 2013 read with Listing Agreement.
- 4. “**The Board**” means Board of Directors of the Company.
- 5. “**Senior Management**” mean personnel of the Company who are members of its core management team excluding Board of Directors. It shall comprise of all members of management one level below the executive directors including the functional heads.

➤ **INDEPENDENT DIRECTORS**

(A) Guidelines for professional conduct

The Independent Director shall:

- 1. uphold ethical standards of integrity and probity;
- 2. act objectively and constructively while exercising his/ her duties;
- 3. exercise his/ her responsibilities in a bona fide manner in the interest of the Company;
- 4. devote sufficient time and attention to his/ her professional obligations for informed and balanced decision making;
- 5. not allow any extraneous considerations that will vitiate his/ her 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/ her position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7. refrain from any action that would lead to loss of his/ her independence;
- 8. where circumstances arise which make an Independent Director lose his/ her independence, the Independent Director must immediately inform the Board accordingly;
- 9. assist the Company in implementing the best corporate governance practices.

(B) Role and functions

The Independent Director 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) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy himself/ herself 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.

(C) Duties

The Independent Director 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;
- (3) strive to attend all meetings of the Board and of the Board committees of which he/ she is a member;
- (4) Participate constructively and actively in the Board Meetings, Committee meetings in which he/ she is member and general meetings.
- (5) strive to attend the general meeting of the Company;
- (6) where he/ she has concern(s) 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 himself / herself 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 himself/ herself 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 such mechanism are not prejudicially affected on account of such use;

(11) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;

(12) acting within his/ her 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 disclosure is expressly approved by the Board or required by law.

(D) Separate meeting of Independent Directors

(1) 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;

(2) All the Independent Directors of the Company shall strive to be present at such meeting;

(3) The meeting shall:

(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.

➤ **DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)**

(A) Subject to the provisions of the Companies Act, 2013, a Director of a Company shall act in accordance with the Articles of the Company.

(B) A Director of a Company shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.

(C) A Director of a Company shall exercise his/ her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(D) A Director of a Company shall not involve in a situation in which he/ she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the

Company.

(E) A Director of a Company shall not achieve or attempt to achieve any undue gain or advantage either to himself/ herself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he/ she shall be liable to pay an amount equal to that gain, to the Company.

(F) A Director of a Company shall not assign his/ her office and any assignment so made shall be void.

➤ **DIRECTORS (INCLUDING INDEPENDENT DIRECTOR) AND SENIOR MANAGEMENT**

The Board of Directors and the Senior Management of the Company agree to abide by/ undertake the following:

(1) Attend Board/ Shareholders / Committee / Senior Management meetings and seek prior leave for absence from such meeting/s.

(2) Exercise authority and power with due care and diligence and whilst discharging the fiduciary responsibility of office in the best interest of the Company and all the stake holders.

(3) Not allow personal interest to conflict with the interest of the Company while discharging the duties of office.

(4) Abide by policies and business principles of the Company.

(5) Comply with all applicable laws, rules and regulations.

(6) Preserve and protect the environment with due concern for ecology, clean air and meet high levels of pollution and emission standards.

(7) Observe strict confidentiality of the information acquired in the course of discharge of duties of office and not use the same for any personal purpose or advantage.

(8) Use Company property only for official purposes and for no personal gain. Not accept any personal gratification from suppliers/service providers/business partners. etc. (Note: personal gratification will not include normal entertainment and gifts of nosignificant value).

(9) Deal fairly with customers, suppliers, employees and other business partners.

(10) Respect safety and health of all employees and provide working conditions which are not harmful to health.

(11) Encourage employees to acquire skills, knowledge and training to expand/enhance their professional and specialized knowledge.

(12) Provide equal opportunities to all employees and aspirants for employment in the Company irrespective of gender, caste, religion, race or colour, merit being the sole differentiating factor.

(13) Conduct business operations in compliance with competition laws and principles of fair market competition.

(14) Maintain high ethical and professional standards in all dealings.

(15) Not to indulge in conduct that may, in any manner, bring disrepute to office or tarnish the reputation and image of the Company.

(16) Not take up any activities competing with the business of the Company.

(17) Make proper records of all financial transactions and not create undisclosed or unrecorded account/fund or asset.

(18) Disclose direct or indirect material interest in any transaction or matter directly affecting the Company.

(19) To commit themselves effectively to their responsibilities.

(20) To exercise objective independent judgement on corporate affairs.

(21) Report any violation of this Code of Conduct to the Board or the Managing Director of the Company.

(22) Shall maintain total and complete confidentiality as regards information of the company and customers / suppliers / business associates of the company. They however can disclose the information if prior permission from the company is obtained or is legally mandated. All the information which is not in the public domain and which can be useful to competitors and / or harmful to the company and its associates will be treated as confidential information.

Sensitive and strategic information, to which they have or get an access, must be shared with discretion and under proper authorisation so that it is not used against the interests of the organisation. Also, such information must not be used for one's personal advantage.

Company's confidential and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of any of the director or senior management or anyone other than the company. It is also expected that they will not carry any confidential data outside the premises in soft or hard copies unless it is absolutely necessary for conduct of the business. If carried, they would take due care to protect it from any unauthorised use. They will also avoid discussion on confidential matters in public and open places such as elevators, airport, etc.

(23) The directors and senior management should observe all applicable laws and regulations including company's policies and Codes as applicable to them with respect to the purchase and sale of company's securities.

(24) The directors and senior management will comply with all the applicable laws, rules, regulations and enactments. They will conduct and perform their duties and responsibilities in accordance with the provisions of the listing agreement of stock exchanges where the securities of the company are listed.

➤ **CONSEQUENCES OF VIOLATION OF CODE OF CONDUCT**

The directors and senior management will report any violation or alleged violation of laws, rules, regulations, enactments etc. to Board of Directors or managing director. The directors and senior management will be committed to provide all the known particulars relating to the violation. Violation of this Code of Conduct will result in disciplinary action including termination of service of the employee. The Board of Directors or a committee thereof shall determine appropriate action in response to violation of the Code of Conduct.

➤ **INFORMATION DISSEMINATION**

This Code shall be posted by the Company on its website.

➤ **REVIEW OF THE POLICY**

The Board shall review this Code from time to time based on the changing needs and make suitable modifications as may be necessary with the approval of the Board.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.