

## SUMIT WOODS LIMITED

### CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

#### I. INTRODUCTION

Sumit Woods Limited (“the Company”) is committed to being an ethical and responsible member of the business communities in which it operates. Every Director of the Company shall deal on behalf of the Company with Professionalism, honesty, integrity as well as high morals and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties. Every director shall be responsible for the implementation of and compliance with the Code in his professional environment. This Code provides fundamental and broad general standards for the Company, particularly for its Directors and Senior Management. Failure to adhere to the Code could attract the most severe consequences including termination of association.

#### II. APPLICABILITY

- a. Definition of Senior Management being senior management” shall mean officers/ personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/ managing director/ whole time director/ manager (including chief executive officer /manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer
- b. All Directors and members of the Senior Management as defined herein above (collectively called “Seniors”), and all persons reporting to the level of Directors, are expected to abide by these guidelines at a minimum.  
The Board of Directors of the Company shall be the final internal authority as far as any interpretation of the Code or its applicability/violation and consequential actions are concerned.  
The Code may be expanded and/or improved upon and/or altered and/or varied from time to time.

#### II. THE COMPANY:

1. shall operate within all applicable laws and regulations of the land. The Board and the Directors shall act in accordance with powers granted to them by the Articles of Association. The duty of the Directors is to act bona-fide in the Company’s interest, to the best of their ability to use the powers and information available to them for proper purposes and not for any collateral purpose. The Directors take care that the Company’s senior executives take due care and diligence, and shall have regard to interests of all stakeholders and essentially for the benefit of all its shareholders.
2. to ensure that the Directors and senior executives shall conduct business and develop its relationships in a dignified, honest and responsible manner. The Management intends that it shall be progressive, competent and trustworthy, creating and enhancing value for stakeholders of the Company. Integrity,

transparency and accountability should be highlights of all operations of the Company.

3. states that this Code is essentially a set of values and principles expected to be maintained and to serve as a guideline to corporate and individual behavior in conduct of business and discharge of duties of all concerned. The underlying values reflected in the various codes followed by the Company are accountability, compliance, credibility, fairness, honesty, and mutual respect. It must be recognized that corporate integrity is dependent on individual integrity. As in any area of ethics, individual discretion and thought about the implicit value system is needed.
4. shall conduct its business affairs in accordance with the economic development and foreign policies, objectives and priorities of the Nation's government and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level as appropriate.

#### **IV. COMPLIANCE**

##### **1. Work Environment**

- a. All Seniors, in their business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in the jurisdiction in which they operate.
- b. All Seniors are expected to uphold a culture emphasizing honesty, integrity, fairness, trust, competence, professionalism, discipline, teamwork, as well as truthfulness and high moral standards in day-to-day dealings and conduct, both within and outside.
- c. All are expected to treat each other and their juniors with respect for individual dignity and rights, not to discriminate on grounds of race, ethnicity, caste, marital status or gender, and maintain a work environment free of sexual harassment.
- d. All are expected to provide an open, motivating work environment which is conducive to upholding and achieving the Company's vision, targets and goals.
- e. Entry into and progression within the Company shall be determined on merit and needs of the business and Seniors shall support the principles of proper, fair and transparent evaluation processes and professional growth in line with individual capabilities.
- f. Any appointment or extension, dismissal, increment or promotion (including the making of any promise towards appointment, extension, increment or promotion) requires that procedures in the Rules of the Company be followed. Promotions and/or increments shall not be automatic or time bound but performance and merit based.
- g. Pride of place shall be given to the best of social, cultural and intellectual values, in behavior and conduct.

- h. The Board shall maintain the effective control over the Company and monitor the executive management. The Board's prime attention shall be on strategic issues and approvals, policy and control, delegation of powers specifying issues that remain in Board's domain and defining the role of the management
- i. The Seniors ensure that the Company shall not engage in activities which generates or support the cartels and similar unfair trade practices. They further ensure that the Company shall market its products on its own merits and shall not make unfair and misleading statements about its own product and Competitor's product.

## **2. Conflict of Interest**

- a. A director of the Company shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of the Company or the Group. If a director is directly or indirectly concerned or interested in any contract or arrangement between the Company and another entity, in which he has material or pecuniary interest, he shall disclose the same in accordance with the provisions of the Companies Act, 2013.
- b. All Seniors shall avoid situations in which any conflict may arise between their private interests and those of the Company. Such conflicts could involve, but are not limited to, customers, suppliers, contractors, competitors and present or prospective employees. There are specific provisions in the code of conduct regarding the acceptance or provision of, or soliciting of, consideration, gratuities, entertainment and gifts.
- c. Seniors must not make improper use of the resources of the Company or that of any of its suppliers or customers, nor permit others in the Company to do so. All concerned shall be personally accountable for proper expenditure of Company funds and also responsible for proper use of Company assets over which they exercise control. It is expressly forbidden to (either directly or indirectly) grant any official favour for personal collateral interests or to spend money of the Company for personal benefit or purpose.

## **3. Confidentiality**

- a. All Seniors shall strictly follow the provisions of the Code of Conduct for Prevention of Insider Trading framed by the company pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable Regulations in force from time to time in matters of securities transactions and pertaining to price sensitive information.
- b. All Seniors shall respect the sanctity of confidential and other business information they may receive or acquire in the course of their professional activities whether from internal or external sources. Such information shall not be conveyed to anyone, inside or outside the Company, who is not authorized to receive it. Where disclosed a similar obligation for confidentiality may be required by the Company.

Disclosure of business, technical, commercial, proprietary or other information in the public domain shall be made only by specifically authorized persons.

- c. No Senior may reveal to any third party any confidential data including but not limited to business strategies, marketing plans, sales or contract information, customer lists and information, proprietary, pricing or costing information or any other data unless the performance of the job inherently requires the sharing of such information. Confidential information may not be used or disclosed even after a person ceases to be a Senior or an employee of the Company.
- d. Non-public information obtained by any Senior may not be used either for personal gain or by any third party as a result of association with the Senior. Use for personal gain includes taking advantage of such information by trading (or providing others for them to trade) in Company shares or in shares of other companies with which the Company has any price-sensitive contact, including but not limited to acquisition evaluation or negotiation or acquiring property or assets of any kind.
- e. The responsibility of Seniors includes the safeguarding, securing and proper disposal of confidential information in accordance with the Company's policy on maintaining and managing records. This obligation extends to confidential information of third parties, which the Company has rightfully received under non-disclosure agreements.

#### **4. Financials**

- a. The Seniors ensure that the Company prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards.
- b. The Audit Committee shall oversee the effectiveness of the audit and internal audit tasks, to assist the Board in providing useful supervision of the overall financial reporting process.
- c. Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. Due emphasis shall be laid on the audit/internal audit process, as necessary to safeguard the interests of shareholders.
- d. Every Director and Officer of the Company must extend his full co-operation to the Auditors and ensure that all required information shall be accessible to the Company auditors and other authorised parties and Government authorities.
- e. They also have additional responsibilities to release of financial and other information into the public domain and ensuring Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company may file with or submit to various Stock Exchanges, Securities & Exchange Board of India, and other public communications made by the Company.

- f. Any wilful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of the code apart from inviting appropriate civil or criminal action under relevant laws.

## **5. Gifts and Donations**

- a. The Company and its seniors 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 favours for the conduct of its business.
- b. The Company and its Seniors shall not offer or give any company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favorable performance of official duties.
- c. However, the Company and its Seniors may accept and offer nominal gifts which are customarily given and are of commemorative nature for special events.

## **6. Social Responsibility**

- a. The Seniors shall ensure that the Company be committed to prevention of the wasteful use of natural resources and minimization of any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment. The Company shall conform to all environmental laws.
- b. All concerned shall endeavor to ensure total industrial safety and encourage application of modern scientific and managerial techniques and expertise.
- c. All concerned shall use their best efforts to preserve a healthy work environment in all Company offices.
- d. The Seniors shall make efforts to extend support to employee and community welfare, health and education. It is committed to being a good corporate citizen.

## **7. Public Representation**

- a. The Company shall be represented only by specifically authorised directors and employees in all its public appearance with respect to disclosing company and business information to public constituencies such as the media, the financial community, employees and shareholders.
- b. Parties which have business dealings with the Company but are not members of the Group such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc. shall not be authorised to represent the Company if their business conduct and ethics are known to be inconsistent with the code.

## **8. Related Party Disclosures**

The Directors and the Senior Management Personnel shall make disclosure to the Company with respect to any transaction with the Company in which such person is interested and in respect of which a conflict of interest can arise between the Company and the person concerned including the name of the related party and the nature of relationship.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

Such disclosure shall be in accordance with the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **9. General**

- a. This Code should also be read in conjunction with Company policies and procedures may be laid down from time to time and all concerned are required to comply with the same. This Code does not intend to replace or limit any other applicable requirements, nor is it suggested that any set of rules could be preferable to the basic notions of propriety and common sense by which all are expected to regularly operate and conduct themselves.
- b. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code then standards set out in the Code shall prevail.
- c. Where a conflict, potential conflict or apparent conflict or any actual or possible violation with the Code exists, that matter should be reported to the Managing Director/ Whole-time Director who will initiate steps as may be necessary for appropriate resolution of the matter.
- d. Action against the person violating this code shall be conducted according to law and shall be under the supervision of the Board of Directors.
- e. This Code of Business Conduct shall also be placed on the website of the Company.

## **IV. DUTIES OF INDEPENDENT DIRECTORS**

The independent Directors shall be required to comply with Schedule IV of the Companies Act, 2013 including their duties laid therein as under:

- (i) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (ii) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside expert at expense of the company;

- (iii) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (iv) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (v) strive to attend the general meetings of the company;
- (vi) 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;
- (vii) keep themselves well informed about the company and the external environment in which it operates;
- (viii) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (ix) 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;
- (x) 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;
- (xi) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (xii) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (xiii) 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.

## **V. NO RIGHTS CREATED**

This Code does not intend to nor does it create any kind of right in respect of any Director or Senior Executive, or any stakeholder including client, supplier, customer, shareholder, employee, or any other person or entity.

## **VI. WAIVER**

Any waiver of any provision of this Code of Conduct for a Senior/s of the Company shall require the explicit collective approval of Board of Directors of the Company.