

SIMPLEX MILLS COMPANY LIMITED

Code of Conduct

1. Introduction

This code of conduct (“this Code”) shall be called “The Code of Conduct for Board Members and Senior Management personnel” of Simplex Mills Company Limited (hereinafter referred to as “the Company”).

This Code has been framed specifically in compliance with the provisions of Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Ltd.

The Company’s philosophy on Corporate Governance is built on a rich legacy of fair, transparent and effective governance. This includes respect for human values, individual dignity and adherence to honest, ethical and professional conduct. This enables customers and all stake holders to be partners in the Company’s growth and prosperity.

2. Definitions & Interpretation:

- i. The term “Board Members” shall mean Directors on the Board of Directors of the Company.
- ii. In this code words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

3. Applicability

This Code shall be applicable to the following persons:

- i. All Whole-time/Executive/Non-Executive/Nominee/Alternate Directors
- ii. All Senior Management Personnel (i.e. the President, Vice Presidents, the Company Secretary and all senior officers one level below the Board of Directors.

4. Key requirements

The Board Members and Senior Management Personnel must act within the authority conferred upon them and in the best interests of the Company and observe the following code of conduct:

a) Honesty & Integrity -

All Directors and Senior Management Personnel shall conduct their activities with honesty, Integrity and fairness. All Directors and Senior Management Personnel shall act in good faith, responsibility, with due care, competence and diligence, without allowing their independent Judgment to be subordinated. Directors shall act in the best interest of the company and full fill the fiduciary obligations.

b) Conflict of Interest -

Directors on the Board of the company and Senior Management Personnel shall not engage in any business, relationship, or an activity, which may be in the conflict of interest of the Company.

A Director or Senior Management Personnel shall disclose any potential conflicts of interests to the Board of Directors or any Committee thereof and abstain from participating in the decision making or in influencing the decision on the areas resulting in the potential conflict of interest in accordance with the applicable rules made under the Companies Act, 1956. In addition, Directors and Senior Management Personnel shall provide on a periodic basis, such disclosure as may required by the Board of Directors or any Committee thereof.

c) Business opportunities -

The Directors and Senior Management Personnel are hereby prohibited from taking for themselves personally, any opportunities that are discovered through the use of Company's property, information or position, unless the opportunity is disclosed fully in writing to the Board and the Board authorizes the said Director or the Senior Management Personnel to pursue such opportunity. The Directors and Senior Management Personnel are also prohibited from competing directly with the business of the Company.

d) Other Directorships -

The Company feels that serving on Board of Directors of other companies may raise substantial concerns about potential conflict of the interest and therefore, all Directors must report / disclose such relationships to the Board on an annual basis. It is felt that service on the Board of Directors of a competitor is not in the interest of the company.

e) Confidentiality of Information -

Any information concerning the Company's business, its customers, suppliers etc., which is not in the public domain and to which the Director or Senior Management Personnel has access or possess such information, must be considered confidential

and held in confidence, unless authorized by the board to do so and when disclosure is required to be disclosed in accordance with applicable laws.

f) Insider Trading -

Any Director or Senior Management Personnel of the Company shall not derive benefit by giving investment advice from access to and possession of information about the Company, which is not in public domain and therefore constitutes insider information. They shall also ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992 and other regulations as may be applicable to them from time to time in addition to the Company's Policy for Prevention of Insider Trading. The Company also prohibits its Directors and Senior Management Personnel in undertaking any fraudulent or unfair trade practice in connection with the securities of the Company.

g) Financial reporting and disclosures -

The Company is committed to ensuring that its financial statements and reporting:

- i. Does not contain any untrue statement.
- ii. Does not omit any material fact or has contents that might be misleading, and
- iii. Strives to present a true and fair view of the Company's affairs in compliance with the prevailing Accounting Standards and applicable laws and regulations.

The Directors and Senior Management Personnel shall ensure to comply with all applicable laws, rules and regulations.

h) Protection of the Company's Assets -

The Company's assets shall be protected from theft, loss, damage or misuse and shall not be employed for conducting any illegal activity or for purpose other than of conducting the business of the Company. The Directors and Senior Management Personnel shall not use the Company's assets for their personal benefit.

i) Company funds -

Every Director and Senior Management Personnel is responsible for all Company's funds over which he or she exercises control. Company funds must be used for the Company's business purposes. The Directors and Senior Management Personnel must not use company funds for any personal purpose.

5) Consequences of non-compliance with the Code -

The matters covered in this Code are of the utmost importance to the Company, its stockholders, business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect that all of our

Directors and Senior Management Personnel to adhere to this 'Code of Conduct' in carrying out their duties for the Company.

The Company will take appropriate action against the Director or Senior Management Personnel whose actions are found to be in violation of this code or any other policy of the Company.

6) Amendments -

The provisions of this 'Code of Conduct' may be amended or modified by the Board of Directors of the Company from time to time.

7) Acknowledgement and annual affirmation -

Directors and Senior Management Personnel will annually sign a confirmation that they have read and will comply with this code.

All the Directors and the Senior Management Personnel to whom the Code applies, shall within 10 days of close of every financial year affirm compliance with the Code indicating their continued understanding of and compliance with the Code. The duly signed Annual Compliance Declaration shall be forwarded to the Company Secretary.

ADOPTION OF "SMCL CODE OF CONDUCT"

This 'Code of Conduct' has been adopted by the Board of Directors of the Company in their meeting held on 22nd October 2008.