

CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT:

PREFACE:

This Model Code of Conduct for Directors & Senior Management personnel is a guide to help Directors on the Board & Senior Management team of the Company to live up to Company's ethical standards. The rules and principles set forth in this Code are general in nature and the compliance with the Code shall be ensured read with other applicable policies and procedures of the Company. This model code of conduct may be reviewed by the Board from time to time to keep in pace with the regulatory environment and any amendments to this Code, shall be approved by the Board of Directors.

APPLICABILITY:

This Code of Conduct (the "Code") for the Board of Directors and Senior Management shall be applicable to each member of the Board of Directors of **SONAL MERCANTILE LIMITED** (the "Company") and functional heads of the Company, or such other employees of the Company as may be designated as members of the "senior management" for the purposes of the Code by the Whole Time Director of the Company from time to time (hereinafter referred to as Senior Management"). References herein to the term "Company" shall include its subsidiaries, joint ventures and associates unless the context otherwise requires.

OBJECTIVE:

The Code has been drafted in accordance with the provisions of Clause 49 of the Listing Agreement to be entered into by the Company with the Stock Exchange/sto:

a). set standards of corporate governance by complying with laws, rules and regulations applicable to the Company and applicable policies and procedures adopted by the Company and to fulfil the responsibilities to stakeholders.

b). set and implement high standards of transparency, integrity, accountability and corporate social responsibility in all dealings.

NATIONAL INTEREST

The Company shall conduct its business affairs in accordance with the economic development and foreign policy objectives of the country and strive to make a positive contribution at the international, national and regional levels. It shall not undertake any activity that will have any adverse impact on the social and cultural life of the citizens.

THE CODE:

The Board of Directors of the Company is entrusted with the fiduciary responsibility of oversight of the affairs of the Company. As Directors of the Company, they have a duty to make decisions and implement policies in the best interests of the Company and its stakeholders.

Therefore, the Directors and Senior Management are obliged to carry out their duties in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the laws, rules, regulations, agreements, guidelines, standards and internal policies and procedures.

The Directors & Senior Management personnel are required to act with utmost care, skill and diligence and in accordance with the highest standards of personal and professional integrity and legal conduct, when acting on behalf of the Company or in connection with the Company's business or operations and at social events.

EQUAL – OPPORTUNITIES EMPLOYER

The Company provides equal opportunities to qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, etc. Employees of the Company are treated with dignity and it maintains a work environment free of sexual harassment. Employees are encouraged to take additional responsibilities so to provide equal opportunity for upward mobility on merit-based system.

A GENDER FRIENDLY WORKPLACE

The Company is committed to a gender friendly workplace. It provides equal opportunities for men and women; it institutes good employment practices; and abhors sexual harassment at the workplace. "Sexual harassment includes unwelcome physical contact, demand or request for sexual favours, sexually coloured remarks, showing pornography, and any other unwelcome physical, verbal or non-verbal conduct of a sexual nature. RLL encourages employees to report any harassment and has instituted proper method to take appropriate action, when required."

ETHICAL CONDUCT

All Employees of the Company, including Members of the Board of Directors and Senior Management of the Company, shall deal on behalf of the Company with professionalism, honesty and integrity, as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

GIFTS AND DONATIONS

The Company shall neither receive nor offer or make, directly or indirectly, any illegal payments, remunerations, gifts, donations or benefits to obtain business or uncompetitive favours for the conduct of its business. However, nominal gifts for special events can be exchanged by employees provided the same is disclosed to the management immediately.

GOVERNMENT AGENCIES

The Company and its employees 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 favourable performance of official duties.

POLITICAL NON – ALIGNMENT

The Company shall not publicly support any specific political party or candidate for political office. The Company shall not offer or give any company funds or property as donations to any specific political party, candidate or campaign. The employees are free to exercise their democratic rights on individual basis without implying, directly or indirectly, any involvement of the Company.

CITIZENSHIP

The officers and employees of the Company shall be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interests of the Company.

CONFLICT OF INTEREST:

The Directors and senior management personnel are expected to avoid and disclose any activity or association that creates or appears to create a conflict between the personal interests and the Company's business interests. A Conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect the independent and sound judgment on behalf of the Company. Directors & the Senior Management personnel are required to disclose to the Board any situation that may be, or appear to be, a conflict of interest. When in doubt, Disclosure is the best way out.

REGULATORY COMPLIANCES:

It is the general obligation of the Directors to conduct the business and operations of the Company in accordance with the laws, rules, regulations, agreements, guidelines; standards including Accounting Standards governing its operations in the geographies where the Company operates. The Directors and Senior Management personnel shall acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to perform their obligations diligently. The Directors and Senior Management personnel shall also comply with the internal policies and procedures of the Company to the extent applicable to

them including but not limited to compliance with Prohibition of Insider Trading policy of the Company.

CORPORATE OPPORTUNITIES

An officer shall not exploit for his/her personal gain, opportunities that are discovered through the use of Company property, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board declines to pursue such opportunity. Representation The officers shall not write, appear or represent himself as the Company to any third party unless authorized by the Company in writing.

COST CONSCIOUSNESS

All the directors and senior management employees of the Company should strive for optimum utilization of available resources. They shall exercise care to ensure that costs are reasonable and there is no wastage and ostentation in Company expenditure shall be avoided.

INTEGRITY

Every officer and employee of the Company shall ensure the integrity of data or information furnished to the Company.

TRANSPARENCY

All directors, officers and employees shall ensure that their actions in the conduct of business are totally transparent except where the need of business security dictate otherwise. Such transparency shall be brought about through appropriate policies, systems and processes including as appropriate, segregation of duties, tiered approval mechanism and involvement of more than one manager in key decisions and maintaining supporting records. Operations and activities shall be audited periodically to ensure transparency.

CONFIDENTIAL INFORMATION AND CORPORATE DISCLOSURE POLICY:

The Directors and Senior Management personnel must maintain the confidentiality of information relating to the affairs of the Company until and unless authorized or legally required to disclose such information; and shall not use confidential information for their personal advantage. The Directors and Senior Management are obliged to ensure continuous, timely and adequate disclosure of necessary information to the Company at regular intervals in respect of declarations required to be made under Applicable Laws, including the Companies Act, 1956 as amended, details of related parties and details of any material financial and commercial transactions where a conflict of interest is likely.

FAIR DEALING, USE AND PROTECTION OF COMPANY'S ASSETS:

The Directors and Senior Management personnel are obligated to deal fairly and honestly with each other, the Company's associates and with the Company's customers, suppliers, competitors and other third parties. Directors and Senior Management personnel shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing or practice. The Directors and Senior Management are required to protect the Company's assets and properties, records and systems, including intellectual property and ensure their efficient use. The assets of the Company shall be used for legitimate business purposes and shall not be used for personal purposes. Incidental personal use, if reasonable, does not amount to violation of the code.

COMPLIANCE AND VIOLATION OF CODE OF CONDUCT:

It is the duty and obligation of every Director and Senior Management person to comply with this code of conduct and he/she shall acknowledge and affirm ongoing compliance with the code on an annual basis. This code of conduct shall be posted on the website of the Company. Any violations of this code shall be promptly reported to the Chairman of the Board or any other person appointed for this purpose. The Company will take appropriate action against any Director, member or the Senior Management whose actions are found to violate the Code, after giving him/her a reasonable opportunity of being heard.

INTELLECTUAL PROPERTY RIGHTS

All documents, processes, manuals, literature, systems etc. or any other intellectual property developed or created by the officers during the association with the Company are sole Intellectual Property of the Company.

QUALITY OF PRODUCTS AND SERVICES

The Company and its officers shall be committed to supply goods and services of the highest quality standards, backed by efficient after sales service consistent with the requirements of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services shall meet the required national standards and the Company shall endeavor to achieve international standards.

COMPETITION

The Company and its officers shall strive to establish and support a competitive, open market economy. Specifically, the Company shall not engage in activities, which generate or support formation of monopolies, cartels and similar unfair trade practices. The Company and its officers shall market the products and services of the Company on its own merits and shall not make unfair and misleading statements about the Company's or competitors' products and services. Any collection of competitive information shall be made only in the normal course of business through legally permitted means.

FINANCIAL REPORTING AND RECORDS

The Company and its officers shall prepare and maintain accounts of the Company's business affairs fairly and accurately in accordance with the generally accepted accounting and financial reporting standards. Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to Company auditors and other authorized parties and government agencies. There shall be no willful omission of any transaction from the books and records, no advance income recognition, and no hidden bank account and funds.

INTERACTION WITH MEDIA

The Directors and officers of the Company, other than the designated spokespersons, shall not engage with any member of press and media in matters concerning the Company. Instead they should direct any requests to the designated spokespersons.

REPORTING CONCERN

Every officer and employee of the Company shall promptly report to the management any violation of this code, or an event that could affect the business or reputation the Company.

SHAREHOLDERS

The Company shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors of the Company shall duly and fairly inform its shareholders about all relevant aspects of the Company's business, and disclose such information in accordance with the respective regulations and agreements.

SECURITIES TRANSACTIONS AND INSIDER INFORMATION

The officers and employees of the Company and his or her immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company, which is not in the public domain. The officers and employees of the Company shall not use or proliferate information which is not available to the investing public for making or giving advice on investment decisions on the securities of the Company. Such insider information might include the following:

- Financial results of the Company including profits, earnings and dividends;
- Announcement of new product introductions or developments;
- Major supply and delivery agreements;
- Raising finances;
- Assets revaluations;
- Restructuring plans;
- Divestiture of businesses or business units;
- Investment plans;
- Expansion/new projects;
- Acquisition, amalgamation, merger or takeover;
- Issue of new securities or buy back of its own shares;

WAIVERS AND AMENDMENTS OF THE CODE:

We are committed to continuously review and update our policies and procedures. Therefore, this Code is subject to modifications. Any amendment / inclusion or wavier of any provision of this Code must be approved by the Company's Board of Directors and promptly disclosed, if required pursuant to Applicable Laws.

CERTIFICATION:

Each of the Directors and members of the Senior Management and every other person to whom this Code is made applicable, shall file with the Company Secretary of the Company, or any other person appointed for this purpose, a certificate addressed to the Chairman, by the 1st of April of every year, confirming his/her compliance with the provisions of this Code.

ACKNOWLEDGEMENT:

The Directors and Senior Management personnel shall read and fully understand this model code of conduct and comply with the policies procedures and principles contained therein.