

PRIYA LIMITED

CODE OF CONDUCT

FOR

BOARD MEMBERS

AND

SENIOR MANAGEMENT

PERSONNEL

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PRIYA LIMITED
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PERSONNEL

(As approved by the Board of Directors of the Company in its

Meeting held on 29th January 2010)

1. Background

Priya limited ("the Company") considers Corporate Governance as an integral part of good management. This Code of Conduct is an integral part of the Company's commitment to good Corporate Governance.

An important element of the revised clause 49 (Corporate Governance) of listing agreement relates is about adoption of "Code of Conduct for the Board members and Senior Management personnel" by the listed companies. All Board members and senior management personnel shall affirm compliance with the code on annual basis.

The code of conduct for Board members and senior management personnel in a sense lies at the heart of the adoption of good Corporate Governance of the Company.

The code of conduct is expected to lay due emphasis on ethical practices, fairness and impartiality in judgement, integrity and transparency in disclosures, meticulous avoidance of conflicts of interest, fulfillment of legal, regulatory and related compliances and adherence to confidentiality in all sensitive matters pertaining to the Company. Also the code should include enforcement mechanism. While adoption of code of conduct which would revolve around the highest standards of ethics and values in discharge of responsibilities of Board members and senior management personnel is extremely important, equally if not more, would be adherence to the code in practice and should be so perceived by the market, investors and other stakeholders. Any deviation from 'code of conduct' is likely to be viewed by the market jeopardising the long-term sustainability of the Company.

2. Definition

Company: The Company shall mean Priya Limited

Compliance Officer: Company Secretary of the Company duly nominated as Compliance officer by the board shall be referred as Compliance officer of the Company.

Corporate Governance: Corporate Governance shall mean and interpreted in accordance with clause 49 of listing agreement with stock exchange.

Code of Conduct: The code of conduct shall mean the code of conduct for Board members and senior management personnel of the Company

Directors: Directors shall mean all the Directors on the Board of the Company

Board: The Board shall mean Board of Directors of the Company.

Board Members: The Board member shall mean the members on the Board of Directors of the Company.

(The present list of Board members is annexed herewith which is subject to change by the management of the Company from time to time as may be necessary and updated list will be available with HR –Department of the Company)

HR Dept: The HR Department shall mean Human Resource Department as established and modified by the Company from time to time.

Employees: The term employee for the purpose of this code of conduct shall mean senior management personnel of the Company

Senior management personnel: Senior management personnel shall mean personnel of the Company who are member of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the Executive Directors including all functional heads.

(The complete existing list of senior management personnel is annexed herewith which is subject to change by the management of the Company from time to time as may be necessary and updated list will be available with HR –Department of the Company)

Relative: Section 6 of the Companies Act, 1956 meaning of “**relative**”

1. A person shall be deemed to be a relative of another if, and only if, -
 - (a) They are members of a Hindu undivided family; or
 - (b) They are husband and wife; or
 - (c) The one is related to the other in the manner indicated in Schedule IA.

Schedule IA :List of Relatives

1. Father
2. Mother (including step-mother)
3. Son (including step-son)
4. Son's wife
5. Daughter (including step-daughter)
6. Father's father
7. Father's mother
8. Mother's mother
9. Mother's father
10. Son's son
11. Son's son's wife
12. Son's daughter
13. Son's daughter's husband
14. Daughter's husband
15. Daughter's son
16. Daughter's son's wife
17. Daughter's daughter
18. Daughter's daughter's husband
19. Brother (including step-brother)
20. Brother's wife
21. Sister (including step sister)
22. Sister's husband

3. Applicability

The Code of Conduct will apply to all the Board members and Senior management personnel of the Company with effect from 1st April 2010

Clause 29 of this Code requiring annual confirmation is applicable only to Board members and Senior Management personnel of the Company

All Directors and employees must act within the bounds of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders/stakeholders

With a view to maintaining the high standards that the company requires, the following Rules/ Code of conduct should be observed in all activities of the Board members and Senior Management of the Company

4. Honesty & Integrity

All Directors and employees shall conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness. All Directors and employees will act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgement to be subordinated. Directors and employees will act in the best interests of the Company and fulfill the fiduciary obligations.

5. Conflict of Interest

(a). The Company expects that the Directors or Employee of the Company shall not engage in any business relationship or activity which might conflict with the interest of the Company

A “Conflict of interest” occurs when a person’s private interest interferes in any way, or even appears to interfere, with the interest of the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situation, which may constitute a conflict of interest.

- When a Director or an Employee engages in a business relationship or activity which is or is perceived to be in conflict with the interest of the Company with anyone who is party to a transaction with the Company
- When a Director or Employee or their relative receives personal benefits by making or influencing decision relating to any transaction.
- When Director and Employee is having a significant ownership interest in any supplier, customer, business associate or competitor of the Company.

(b). In case it is likely that a conflict of interest might exist, the concerned Director or Employee must at the earliest opportunity make full disclosure of all facts and circumstances that reasonably could be expected to give rise to any violations of

this Code of Conduct. A Director shall make such disclosure to the Board of Directors at the earliest opportunity and the Board shall ensure that Company's interests are protected. An Employee other than a Director shall make such disclosure to the Head of the Department and/or to the Unit Head. The Head of the Department and/or the Unit Head shall look into the merits of the transaction and ensure that the Company's interests are protected.

6. Accounting & Financial Reporting

The Management shall ensure that all business transactions shall be recorded in true, fair and timely fashion in accordance with the accounting and financial reporting standards, as applicable to the Company. They will ensure the reliability and accuracy of its accounts, records and reports.

All Working Directors and Employees shall ensure that the Company's information furnished to the government departments/authorities, financial institutions and banks are authentic and accurate.

7. Confidentiality

The Directors and Employees shall strive to protect confidential information acquired, generated or which otherwise comes into their possession during the course of business. All such information should be maintained in strict confidence except when disclosure is expressly authorised by the Company or required by the law.

Confidential information includes all non-public information, intellectual property rights such as trade secrets, business research, new products, new projects and plans, business strategies, customer, employee and suppliers list and any unpublished financial or price sensitive information.

Unauthorised use or distribution of proprietary and confidential information violates Company policy any could be illegal. Any one found to be guilty of such unauthorized use may be liable for potential legal & disciplinary action.

The obligation to protect the Company's proprietary and confidential information continues even after Directors and Employees leave the Company. The Directors and Employees must return all proprietary information in thier possession upon leaving the Company.

The Directors and Employee should respect the rights of other competitors and their confidential information. They should not attempt to obtain a competitor's confidential information by improper means

8. Compliance with Laws, Rules and Regulations

The Directors and Employees shall keep themselves updated in relation to laws/statutory compliances applicable to their scope of work. The Directors and Employees of the Company shall comply with all laws, rules and regulations as may be applicable to their scope of work and shall not commit any illegal or unethical act. Appropriate measures are put in place to assist in complying with applicable laws and regulations in the business.

If any one gets to know of any non compliance of any of the laws in her or his colleague's area of operation in the Company, the same should be brought to her/his immediate notice as well to the notice of her/his Head of Department.

9. Other Directorships

Serving on the Boards of Directors of other companies may raise substantial concerns about potential conflict of interest; therefore, all directors must report/ disclose such relationships to the Board on annual basis. It is well accepted that service on the board of direct competitor is not in the interest of the Company.

10. Fair Competition

The Company is committed to respect the principles and rules of fair competition prohibiting anticompetitive behaviour and abuse of a dominant market position.

11. Bribery and Corruption

The Directors and Employees shall not be involved in bribery and corruption while conducting the Company's business. They are prohibited from offering or providing any undue pecuniary or other advantage for the purpose of obtaining, retaining, directing or securing any improper business advantage or for personal gain.

12. Insider Trading

The Directors and Employees shall not derive benefit or assist others to derive benefit by giving price sensitive information likely to result in movements in the price of the shares or any other financial instruments. Directors and Employees shall not use or proliferate information which is not available to the general public and which therefore constitute insider information.

The code of conduct for prevention of insider trading in respect of securities of the Company is in force for Directors/ officers and for designated employees. They shall abide by the said code of conduct.

13. Customers, Suppliers and Stakeholders

The Company is committed to create value for each of its stakeholders. The Directors and Employees shall treat the Company's customer, supplier and stakeholders with respect and dignity. There should not be any coercive measures used while dealing with any of the stakeholders.

14. Corporate Opportunities

The Directors and Employees are prohibited from taking for themselves business opportunities that arise through the use of corporate property, information or position. They shall not use corporate property, information or position for personal gain, or to compete with the Company. Competing with the Company may involve engaging in the same or a similar line of business as the Company, or any situation where the employee or Director takes away from the Company, the opportunities for sale or purchase of property, products, services or interests.

15. Expense Claims

The Directors and Employees are prohibited from claiming the expenses that are incurred for personal purpose. The expenses incurred in the course of employment and relating to the business are to be claimed as per the authorization policy of the company

16. Gifts, Hospitality and Donations

The Company will not utilize bribery and corruption in conducting business. The Directors and Employees are prohibited from receiving, soliciting or offering any illegal or undue pecuniary or other advantage, (e.g. payments, remuneration, gifts, donations, hospitality of any kind or comparable benefits) which are intended to obtain any improper business advantage. Directors and Employees, however, may honour, accept and offer nominal gifts which are customarily given and are of a commemorative nature, for special events.

17. Protection and Proper use of Company's Assets

The Company's assets and services are for the conduct of Company's business only. No assets shall be used for any personal or unauthorized use.

The Directors and Employees shall endeavour to protect the Company's assets against loss, theft or other misuse and are responsible for the careful use. Any suspected loss, misuse or theft should be reported to the line manager.

The Directors and Employees shall return the Company's assets entrusted to them while in office, when they are leaving the service or office of the Company.

18. Corporate Social Responsibility, Health and Safety

The Company recognizes its social responsibility and aim to improve the quality of life of its workforce, their families and the communities around its operations.

The Company pursues a clear policy dealing with employment practices, occupational health and safety, community involvement as well as customer and supplier relations.

The Working Directors and Employees shall adhere to the policy.

19. Sustainable Environmental Performance

The Company strives to preserve the environment for future generation by striking a balance between economic growth and continuously improving environmental performance and social responsibility.

The Directors and employees must adhere to the policy

20. Political Contributions and Activities

Any political contribution made by or on behalf of the Company and any solicitation for political contribution of any kind must be in conformity with the prevailing laws and as may be determined by the Board of Directors from time to time.

This applies solely to the Company and is not intended to discourage or prevent individual Director or Employee from making political contributions or engaging in political activities on their own behalf. No personal political contribution shall be reimbursed by the Company. No personal political activities should interfere with the duties to be discharged with the Company in line with this Code of Conduct.

21. Equal Opportunities to Employees

The Company provides equal opportunities to all its employees, without regard to their caste, religion, colour, marital status and sex. The policies and practices shall be administered in a manner that ensures equal opportunity to the eligible candidates and the decisions are merit based.

22. Policy against Sexual Harassment

The Directors and Employees of the Company shall strive to maintain a work environment free from sexual harassment, whether physical, verbal or psychological. Stringent Disciplinary action including but not limited to removal/ suspension/ dismissal etc. shall be taken against any person found in breach of such rule.

The above action by the Company shall not preclude civil or criminal prosecution before the competent court of law.

23. Email and Internet

The Company's email and Internet facilities are provided only for the purpose of the business of the Company. Posting and disseminating Company's information and data on internet or voice mail or private network except for business exigencies are prohibited.

The Company prohibits the use of internet facilities for accessing unauthorized, illegal or immoral web sites from the computers provided by the Company at their workplace.

24. Quality Policy

The Company is following quality policy of and believes in "Pursuing Excellence"

25. Corporate Communications

The Company commits itself to open, transparent, impartial and timely information to its shareholders, employees and other stakeholders.

All the communications to the financial analyst community and all inquiries from the press shall be handled only by the Corporate Communications Department or by a person authorised by the Executive Director.

26. Acknowledgment of the receipt of the Code

Directors and Employees of the Company shall acknowledge the receipt of this code in the acknowledgment form annexed to this code (Annexure III) indicating that they have received, read and understood and agreed to comply with the code and send the same to the Compliance officer of the Company

27. Responsibility

Each Director and Employee of the Company shall be responsible for the observance of this Code of Conduct in both letter and spirit to the extent relevant and applicable to them. Non-compliance may be subject to the disciplinary action including termination.

Any question about this Code of Conduct should be referred to one's immediate supervisor or to the Secretarial Department.

28. Annual Confirmation

All Directors and Employees shall give annual confirmation to the Compliance Officer that they have complied with this Code of Conduct (Annexure IV).

29. Waiver

As a general practice, the Board of Directors of the Company will not grant waiver to this Code of Conduct. However, in extraordinary situation and for reasons recorded in writing the Board of Directors of the Company may grant waiver to any person from any one or more of the provisions of this Code of Conduct.

30. Review, Amendment and Modification

This Code of Conduct may be reviewed, amended, modified or waived by the Company's Board of Directors as and when required or deemed necessary.

31. Responsibility towards Shareholders

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

32. Outsider's Recourse

No outsiders will have any right or recourse to any action or claim of whatsoever nature against any of the Directors or employees for the non compliance of this Code of Conduct.

By order of the Board
For **PRIYA LIMITED**
Sd/-

Date: 29th January 2010

COMPANY SECRETARY & COMPLIANCE OFFICER

(As text of code approved by the Board at its meeting held on 29th January, 2010)