

PRISM CEMENT LIMITED

Code of Conduct for Employees

Introduction

The reputation and integrity of Prism Cement Limited (“Prism”/ “the Company”) are the valuable assets that are vital to the Company’s success. Prism's commitment to ethical and lawful business conduct is a fundamental shared value of its Board of Directors, management and employees and critical to the Company's success. Prism’s standards for business conduct provide that it will uphold ethical and legal standards vigorously as it pursues its financial objectives, and that honesty and integrity will not be compromised by Prism anywhere at any time.

The purpose of this Code is to focus employees on areas of ethical risk, provide guidance to help employees to report unethical conduct, and foster among employees a culture of honesty and accountability. This Code applies to all the employees.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles for the employees. Each person concerned must comply with the letter and spirit of this Code.

Guidelines

A. Honest and Ethical Conduct

The Company expects all employees to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working on the Company’s premises, at Company sponsored business and social events, or at any other place where employees represent the Company.

Honest conduct is understood as such conduct that is ethical, free from fraud or deception and conforming to the accepted professional standards. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between

personal and professional relationships. It is the conduct of maintaining dignity of office and restraining from doing any act that will mar the reputation of the Company.

Employees who engage in misconduct or whose performance is unsatisfactory may be subject to corrective action, up to and including termination.

B. Compliance with Laws, Rules, and Regulations

A variety of government laws, rules and regulations apply to the Company and its operations, and some carry criminal penalties. These laws include, without limitation, certain economic legislations, securities laws, labour laws, etc. The officers and employees shall comply with all applicable laws, rules, and regulations. Transactions, directly or indirectly, involving securities of the Company should not be undertaken without pre-clearance from the Company's Compliance Officer. Any officer or employee who is unfamiliar or uncertain about the legal rules involving the Company's business conducted by him/her should consult the legal department of the Company before taking any action that may jeopardize the interests of the Company or that individual. In sum, employees must obey all applicable laws.

C. Conflicts of Interest

Generally, a conflict of interest occurs when an employee's or an employee's immediate family's personal interest interferes with, has the potential to interfere with, or appears to interfere with the interests or business of the Company. A conflict of interest can occur or appear to occur in a wide variety of situations, viz.

- **Personal Interest in a Transaction**

A conflict of interest could arise that makes it difficult for an employee to perform corporate duties objectively and effectively where he/she is involved in a competing interest, if he/she is on the other side of a transaction with the Company or if he/she benefits from the transaction. A conflict may also occur where an employee or a family member of an employee receives an improper personal

benefit as a result of the employee's position at the Company. An employee working simultaneously for a competitor is certainly a conflict.

The Company policies prohibit any employee from taking part in any activity that enhances or supports a competitor's position. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof and a prior written approval should be obtained from the Company's management.

- **Outside Activities/Employment**

In consideration of the employment with the Company, employees are expected to devote their full attention to the business interests of the Company. Employees are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. An Employee of the Company shall not, without the requisite, officially written approval of the Company, accept employment or a position of responsibility (such as a consultant or a director) with any other company, nor provide freelance services to anyone, with or without remuneration. Employees are also prohibited from accepting simultaneous employment with a Company supplier, customer, developer or competitor, or from taking part in any activity that enhances or supports a competitor's position. Additionally, employees must disclose to the Company any interest that he/she may have that may conflict with the business of the Company.

- **Civic/Charitable Activities**

Employees may participate in civic or charitable activities so long as such participation does not encroach on the time and attention they are expected to devote to their Company-related duties. Such activities are to be conducted in a manner that does not involve the Company or its assets or facilities, and does not create an appearance of Company involvement or endorsement (except with written approval of the Company).

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the Company's management. It is also incumbent upon every employee to make full disclosure of any interest which the employee or the employee's immediate family, which would include parents, spouse and children, may have in a Company or firm which is a supplier, customer, distributor of or has other business dealings with the Company.

If an employee fails to make a disclosure as required herein and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee, the management would take a serious view of the matter and consider suitable disciplinary action against the employee.

D. Proper Use of Company Assets

Company assets, such as information, materials, supplies, intellectual property, facilities, software, and other assets owned or leased by the Company, or that are otherwise in the Company's possession, may be used only for legitimate business purposes. The personal use of Company assets, without Company approval, is prohibited.

E. Delegation of Authority

Each employee, and particularly each of the Company's officers, must exercise due care to ensure that any delegation of authority is reasonable and appropriate in scope, and includes appropriate and continuous monitoring.

F. Securities transactions and confidential information

An employee of Prism and his or her immediate family shall not derive any benefit or assist others to derive any benefit from access to and possession of information about the Company which is not in the public domain and thus constitutes insider information.

An employee shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the Company.

Such insider information would include the following :

- a) Declaration of financial results (quarterly, half-yearly and annually).
- b) Declaration of dividends (interim & final)
- c) Issue of securities by way of public/rights/bonus etc.
- d) Any major expansion plans or execution of new projects.
- e) Amalgamation, mergers, takeovers and buyback.
- f) Disposal of whole or substantially whole of the undertaking.
- g) Any changes in policies, plans or operations of the Company.

G. Handling Confidential Information and Public Communications

Employees should observe the confidentiality of information that they acquire by virtue of their positions at the Company, including information concerning customers, suppliers, competitors, and other employees, except where disclosure is approved by the Company or otherwise legally mandated. Special sensitivity is accorded to financial information, which should be considered confidential except where its disclosure is approved by the Company.

The following guidelines shall be followed while dealing with third parties:

- All information which can be disclosed should have the prior approval of the Executive Director of the concerned business.
- Only public information to be provided.
- At least two company representatives should be present at meetings with third parties.
- Unanticipated questions may be taken on notice and a considered response given later.

H. Employees Who Handle or Have Access to Financial Information

In addition to any other applicable laws dealing with financial information, financial reporting, auditing matters or public disclosure, the Company requires that employees involved in financial reporting, auditing or public disclosure or with access to such information follow the highest ethical standards, including the following guidelines:

- Act with honesty and integrity, avoiding violations of the Code, including actual or apparent conflicts of interest with the Company in personal and professional relationships.
- Disclose to the Managing Director / Chief Human Resource Officer any material transaction or relationship that reasonably could be expected to give rise to any violations of the Code, including actual or apparent conflicts of interest with the Company.
- Provide the Company's other employees, consultants, and advisors with information that is accurate, complete, objective, relevant, timely, and understandable.
- Endeavor to ensure full, fair, timely, accurate, and understandable disclosure in the Company's periodic reports and in other public communications.
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts.
- Respect the confidentiality of information acquired in the course of Company work except where Company approval has been obtained or where disclosure is otherwise legally mandated. Confidential information acquired in the course of Company work must not be used for personal advantage.
- Share and maintain skills relevant to the Company's needs.
- Proactively promote ethical behavior among peers in the work environment.
- Achieve responsible use of and control over all assets and resources employed or entrusted.

- Record or participate in the recording of entries (such as expenses, billing information, and hours worked) in the Company's books and record information that is accurate.

I. Gifts and donations

Employees 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. However, employees may accept and offer nominal gifts, which are customarily given and are of commemorative nature for special events.

J. Government agencies

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.

K. Political non-alignment

The Company shall be committed to and support a functioning democratic constitution and system with transparent and fair electoral system in India. The Company shall not support, directly or indirectly, any specific political party or candidate for political office. The Company shall not offer or give Company funds or property as donations directly or indirectly, to any specific political party, candidate or campaign.

Employees associated with political parties or the political process or trade associations should ensure that by their participation, they do not give the impression of representing or being the spokesperson of the Company. Employees may contribute to or participate in the political process or trade associations so long as it does not create a conflict of interest situation or impinge upon their work related commitments.

L. Health, safety and environment

Employees will be provided with a safe and healthy work environment and will strive to comply with all regulations regarding the preservation of the environment of the territory in which the Company operates. Employees shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of the Company's products and services on the ecological environment.

M. Selection of Suppliers

The Company's suppliers make significant contributions to its success. To create an environment where the suppliers have incentive to work with the Company, they must be confident that they will be treated lawfully and in an ethical manner. The Company's policy is to purchase supplies based on need, quality, service, price and terms and conditions. The Company's policy is to select significant suppliers or enter into significant supplier agreements through a competitive bid process where possible. Under no circumstances should any Company employee, agent or contractor attempt to coerce suppliers in any way.

N. Non-disparagement

The Company has internal procedures for complaints and disputes to be addressed and resolved. Employees shall not (nor will they cause or cooperate with others to) publicly criticize, ridicule, disparage or defame the Company or its products, services, policies, directors, officers, shareholders, or employees, with or through any written or oral statement or image (including, but not limited to, any statements made via websites, blogs, postings to the internet, or emails and whether or not they are made anonymously or through the use of a pseudonym). Employees agree to provide full cooperation and assistance in assisting the Company to investigate such statements if the Company reasonably believes that they are the source of the statements. The

foregoing does not apply to statutorily privileged statements made to governmental or law enforcement agencies.

O. Protection of Confidential Information

- (a) Employees shall not use in any manner, directly or indirectly, any Confidential Information such as trademarks, patents, formulations, trade secrets, product concepts, designs, blueprints, plots, and drawings; research and test results; practical and theoretical knowledge and techniques; production capacity and equipment; product development plans; technical, manufacturing, marketing, distribution, and pricing approaches; material sources and costs; land acquisition and development plans and costs, building acquisition and renovation plans and costs, and resale or other disposition plans and prices; financing plans, arrangements, and activities; and customers and clients, except in promoting the Company's business, and as necessary in performing the duties of his/her employment with the Company;
- (b) Employee will not use any Confidential Information for his/her own benefit or for the benefit of any person or entity other than the Company, and will not permit or allow any Confidential Information to be used in competition with the Company.
- (c) During his/her employment with the Company and at all times thereafter, Employee shall take all reasonable steps to prevent any unauthorized disclosure or use of any and all Confidential Information. Employee further agrees to notify the Company immediately in the event that he/she becomes aware of any unauthorized use or disclosure of Confidential Information.

Duration of Confidentiality Obligations.

All Employees understand and acknowledge that [his/her] obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Employee first having access to such Confidential Information (whether before or after [he/she] begins employment by the Employer) and shall

continue during and after [his/her] employment by the Employer until such time as such Confidential Information has become public knowledge other than as a result of the Employee's breach of this Agreement or breach by those acting in concert with the Employee or on the Employee's behalf.

Reporting Violations and Waivers

The Company expects employees who observe, learn of, or, in good faith, suspect a violation of the Code, to immediately report the violation to the Chief Human Resource Officer/Executive Director/Managing Director. Employees who report violations or suspected violations in good faith, as well as those who participate in investigations, will not be subject to retaliation of any kind. All employees are required to enforce this Code and are not permitted to condone violations. Reported violations will be investigated and addressed promptly and will be treated confidentially to the extent possible.

An employee who violates the Code may be subject to disciplinary action, depending on the severity of the violation. Disciplinary actions may include immediate termination of employment at the Company's sole discretion. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Company will cooperate fully with the appropriate authorities.

This Code should be read in conjunction with the Company's other policy statements such as the Insider Trading Code, Whistle Blower Policy, etc.

Compliance

I have received and read the Company's Code of Conduct. I understand the standards and policies contained in the Code and understand that there may be additional policies or laws specific to my job. I further agree to comply with the Code of Conduct.

Name: Aneeta S. Kulkarni

Signature:

Date: July 5, 2014

Please sign and return this form to the Human Resources Department.