



Southern Magnesium and Chemicals Limited

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WHISTLE BLOWER POLICY

1. Preface:

Southern Magnesium And Chemicals Limited (the “Company”) believes in conducting its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The objective of this Policy is to provide a mechanism for the Company’s employees and directors to raise concerns, in confidence, about possible wrongdoing in financial reporting, accounting or other related matters, as well as unethical behavior, actual or suspected fraud or violation of the Company’s Code of Conduct. Through this policy, the Company provides adequate safeguards to the Whistle Blower, including those necessary to prevent retaliation or victimization.

This policy is formulated, to provide opportunities to employees access the management concern (in exceptional cases to the Audit Committee) in case they observe unethical or improper practices (not necessarily a violation of law) in the company and to secure those employees from unfair termination and unfair prejudicial employment practices.

2. Definitions:

The definition of some of the key terms used in this policy is given below:

“Audit Committee” means the Audit Committee constituted in accordance with the Companies Act and SEBI Listing Regulations.

“Disciplinary Action” means any action that can be taken on the completion of /during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.

“Disclosure” means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.

“Employee” means any employee of the Company (whether working in India or abroad) including the members of the Board of Directors of the Company.

“Investigator” means those persons authorized, appointed or consulted by the Managing Director, Chairman of the Audit Committee, or their delegates, and includes the independent auditors of the Company.

“Subject” means a person against or in relation to whom a disclosure has been made or evidence gathered during the course of investigation.

“Whistle Blower” means Directors, employees or any other Stakeholder making a disclosure under this Policy.

3. Applicability:

This Policy is applicable to all the employees and directors of the Company.

4. Guiding Principles:

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- Make its employees aware of the Company's Whistle Blower Policy to enable them to report instances of leak of unpublished price sensitive information (UPSI);
- Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
- Treat victimization as a serious matter including initiating disciplinary action on such person/(s);
- Ensure complete confidentiality.
- Not attempt to conceal evidence of the Protected Disclosure;
- Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made to / to be made;
- Provide an opportunity of being heard to the persons involved especially to the Subject.
- To facilitate an effective and expeditious investigation and for availing the protection under this Policy, the Whistle Blower(s) must identify themselves in the Protected Disclosure. The identity of the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law during investigation.

5. Improper or Unethical Practices:

Improper or Unethical Practices means and includes, but is not limited to, the following suspected activities/improper practices being followed in the Company:

- a) Manipulation of Company data/records.
- b) Abuse of authority at any defined level in the Company.
- c) Use of confidential/proprietary information for personal enrichment or the disclosure of confidential/proprietary information to unauthorized personnel.
- d) Any violation of applicable legal law and regulations to the Company, thereby exposing the Company to penalties/fines.
- e) Any instances of theft or misappropriation of Company assets.

f) Any financial or accounting impropriety, including fraud, unauthorized payments or kickbacks.

g) Activity violating any laid down Company policy, including the Code of Conduct.

h) Any other activities whether unethical or improper in nature and injurious to the interests of the Company.

6. Role of the Whistle Blower:

The Whistle Blower's role is that of a reporting party. They are not required or expected to act as investigators or finders of facts. They do not have a right to participate in any investigative activities other than as requested by those authorized to conduct investigations on behalf of the Company.

7. No Retaliation:

a) The Whistle Blower will be protected against:

(i) Unfair employment practices like retaliation, threat or intimidation of termination/suspension of Service etc.

(ii) Disciplinary action including transfer, demotion, refusal of promotion etc.

b) Direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions during the routine daily operations including making further disclosures under this policy.

c) However, protection under this policy will not be extended to those Whistle Blowers who made false or bogus allegations knowing them to be false or bogus or with mala fide intention.

8. Procedures:

Disclosures of unethical or improper practices may be reported utilizing any of the following reporting methods:

a) Reporting to the Managing Director whose address is given below:

Mr. Ravi Prasad Nuthakki

116, Road No. 7, Banjara Hills, Hyderabad, - 500034

E mail: southernmagnesium@gmail.com

b) All disclosures concerning financial or accounting improprieties may be addressed to the Chairman of Audit Committee for investigation

c) If a disclosure is received by any employee or executive of the company other than those

named above, the same should be forwarded to the Managing Director/Chairman of Audit Committee for further appropriate action. Appropriate care should be taken to keep the identity of the Whistle Blower confidential.

d) The disclosures should be factual and not speculative or in the nature of a conclusion and should contain as much specific information as possible so as to allow for proper assessment of the nature and extent of the concern.

9. Investigation of Complaints:

a) The disclosures reported under this policy will be sent for investigation by the Managing Director/Chairman of the Audit Committee to the Compliance Officer, Southern Magnesium and Chemicals Limited.

b) The decision to conduct an investigation on behalf of the Company will not tantamount an accusation and should be treated as a neutral fact finding process.

c) The identity of the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation. The parties concerned will normally be informed of the allegations at the outset of a formal investigation and will have opportunities for providing inputs during the investigation.

d) The investigation will be thorough and unbiased.

e) The investigation shall be completed as expeditiously as possible.

10. Investigators:

a. The Investigators are required to conduct a process towards fact finding and analysis. They derive their authority and access rights from the Managing Director/Chairman of the Audit Committee while acting within the scope of their investigation.

b. Technical and other resources may be drawn upon as may be necessary to conduct the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. They have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of legal and professional standards.

c. Investigations will be launched only after a preliminary review which establishes that:

i) The alleged act constitutes an improper or unethical activity or conduct, and ii) The allegation is supported by information specific enough to be investigated or matters that do not meet this standard but are nonetheless worthy of management review.

11. Decision:

Employment actions against Subjects may result following the conclusion of an investigation. Any disciplinary or corrective action recommended against the Subject as a result of the findings of an investigation pursuant to this policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

12. Reporting of Disclosures:

The Chairman & Managing Director/Chairman of Audit Committee shall submit a report to Audit Committee at a regular basis about the disclosures referred to them together with the results of investigation, if any.

13. Retention of Documents:

All disclosures in writing/documented along with the results of investigation shall be retained by the Company as required under the Company's record retention program.

14. Amendment:

The Company reserves its right to amend or modify this Policy in whole or in part at any time without assigning any reason. However, no such amendment or modification will be binding on the employee unless the same is communicated to the employees through e-mail or display on website or any other means of communication.

SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

Code of practices and procedures for fair disclosure of unpublished Price sensitive information

[As envisaged under the SEBI (Prohibition of Insider Trading) Regulations, 2015]

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

The Company shall adhere to the following principles in order to ensure timely and adequate Disclosure of Price Sensitive Information with respect to it or its securities which is likely to affect price of the securities:

1. The Company will make prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. The Company will make, uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
3. The Joint Managing Director will be chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. The Company will make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. The Company will provide appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
6. The Company will ensure that, information, if any, shared with analysts and research personnel is not unpublished price sensitive information.
7. The Company will make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the website of the Company to ensure Official confirmation and documentation of disclosures made.
8. The Company will handle all unpublished price sensitive information on a need-to-know basis.