

HARI TEXTILE MILLS LIMITED

CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

The Board of Directors (the "Board") of the Company, has adopted the following written Code of Business Conduct and Ethics (**the "Code"**) for directors and senior management personnel of the Company. Senior management personnel mean all members of the management one level below the Board.

This Code is intended to focus on the Board Members including each of the executive directors and senior management personnel on areas of ethical risk, integrity and honesty providing guidance to help them recognize and deal with ethical issues, mechanisms to report unethical/dishonest conducts; and help foster a culture of honesty, integrity and accountability. The Code of Conduct as approved by the Board and subsequent amendments thereto by the Board shall be posted on the website of the Company.

INTERPRETATION OF CODE

In this code, wherever the word "Director" appears, it will also includes senior management personnel to the extent applicable. Any question or interpretation under this Code of Ethics and Business Conduct will be considered and dealt with by the Board or any committee or any person authorized by the Board in this behalf. The Board in justifiable cases for reasons to be recorded in writing may waive any condition of the code for compliance such, that is not prejudicial to the interest of the Company.

The reasons for such waiver will be available at the Registered Office of the Company for information.

Each and every director and senior management personnel is expected to comply with the letter and spirit of this Code.

CONFLICT OF INTEREST

Directors must avoid any conflicts of interest with the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Board. A conflict of interest can occur when :

- a)* A director's personal interest is adverse to or may appear to be adverse to the interests of the Company as a whole.
- b)* A director, or his/her relative, receives improper personal benefits as a result of his/her position as a director of the Company.

Explanation :

Relatives here means dependant-parents, brothers, sisters, spouse, children, daughters-in-law and sons-in-law.

As illustrations only and being not exhaustive, some of the usual instances of conflicts of interest which directors should avoid, are listed below :

- a.** Relationship of Company with third parties
Directors shall not receive a personal benefit from a person or an entity, which is seeking to do business or to retain business with the Company. Shall not participate in any decision making process of the Board involving another entity in which the director has direct or indirect interest.
- b.** Compensation from non-company sources :
Directors shall not accept compensation (in any form) for services performed for the Company from any source other than the Company.
- c.** Gifts
Directors shall not offer, give or receive gifts from persons or an entities that deal with the Company, where any such gift is perceived, as intended directly or indirectly, to influence the directors' action as members of the Board, or where acceptance of such gift could create the appearance of a conflict of interest.
- d.** Personal use of Company assets
Directors shall not use Company's assets, labour or information for personal use.

CORPORATE OPPORTUNITIES***Directors are prohibited from***

- a.** Taking for themselves or their companies opportunities that are discovered through the use of Company's properties, Company information or position as a Director.
- b.** Using the Company's properties or informations for personal gain.
- c.** Competing with the Company for business opportunities. However, if the Company is not interested to pursue an opportunity then the Director may do so.

Confidentiality

Directors must maintain the confidentiality of information entrusted to them by the Company and any other confidential informations about the Company that come to them, from whatever source, in their capacity as a director, except when such disclosure is authorized or legally mandated.

For purposes of this Code, "confidential information" includes all unpublished informations relating to the Company.

Political Non-Alignment

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

offer or give any funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign if it is violating any law.

Compliance with Laws, Rules and Regulations - Fair Dealing

Directors must comply and oversee compliance by employees, officers and other directors, with laws, rules, and regulations applicable to the Company, including insider trading laws.

Directors must deal fairly, and must ensure fair dealing by employees, officers, with the Company's customers, suppliers, competitors and employees.

FINANCIAL REPORTING AND RECORDS

The Directors must ensure that :

The Company and its Officers shall prepare and maintain accounts of the Company's business affairs truly and fairly in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs.

Internal accounting and audit procedures shall truly and fairly reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to Company's Auditors and other parties as authorised by the Board and government agencies. There shall be no wilful omissions of any Company transactions from the books and records, no premature income recognition, deferment of any chargeable expenses and no undisclosed back accounts and funds.

Wilful material misrepresentation of and/or misinformation on the financial accounts shall be regarded as a violation of this code, apart from inviting appropriate civil or criminal action under the relevant laws.

INTEGRITY OF DATA FURNISHED

The integrity of data or information furnished to the Board is required to be ensured by any one (including a Director or Senior management personnel) who submits such data or information.

ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR

- i.* Directors should promote ethical behavior and take steps to ensure that the Company:
 - a.* Encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation.
 - b.* Encourages employees to report violations of laws, rules, regulations, or the Company's Code of Conduct to appropriate personnel.

- c. Informs employees that the Company will not allow retaliation for reports made in good faith.

ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR

Directors should exercise independent judgment on issues of strategy, performance, policy matters etc.

COMPLIANCE STANDARDS

- i.* Directors should communicate any suspected violations of this Code promptly to the Board and such violations are subject to investigation by the Board or any Committee / or any person(s) so designated. Violations will be investigated by the Board of any such designated persons / committee and appropriate action will be taken in the event of any violations.
- ii.* Directors should inform the Company immediately about the emergence of any situation which may disqualify him from Directorship.
- iii.* It shall be the endeavor of every Director to attend and actively participate in meetings of the Board and Committee thereof on which they are members.

SOME EXAMPLES OF RESPONSIBILITIES OF DIRECTORS

- i.* To be open minded, free and frank in expressing his/her opinion(s) and willing to engage in meaningful debates/objective discussions leading to forming decisions relating to the Company and its business.
- ii.* To offer himself ready continuously to keep abreast with the latest developments in the areas of the Company's operations, applicable laws and regulations by means of seeking informations both from within and if required outside professional knowledge for better discharge of functions as a director.
- iii.* Utilise the possessed expertise to the good and advantage of the Company leading to better corporate citizen.
- iv.* Remaining committed to the decisions made by the Board and getting ensured the religious implementation thereof.

****__**__****