

THE SRI GANAPATHY MILLS CO., LTD

CODE OF BUSINESS CONDUCT

FOR MEMBERS OF THE BOARD

The board of directors (“the board”) of The Sri Ganapathy Mills Company Limited (SGML) (“the company”) has adopted the following Code of Business Conduct (“the Code”) for the Directors of the Company.

This Code is intended to serve as a source of guiding principles for Directors. Directors are encouraged to get advice on any particular circumstance which may require the advice or consultancy of legal counsel.

The directors should read this Code in conjunction with the company’s policies and directives as decided from time to time. The directors should also encourage the Senior Management Executives also to read this Code and observe the essence of the same. Each Director is expected to follow the following Code in letter and spirit.

1. CONFLICT OF INTEREST

Directors must avoid conflict of interest between the Director and the Company. A “Conflict of Interest” can occur when a Director’s personal interest is adverse to the interest of the Company as a whole. This code does not attempt to describe all possible Conflict of Interest that could develop. Some of the Conflicts from which the directors must refrain are set out below:

- **RELATIONSHIP OF THE COMPANY WITH THIRD PARTIES**
Directors may not engage in any Conduct or activity that is inconsistent with the Company’s best interest.
- **COMPENSATION FROM NON-COMPANY SOURCES**
Directors may not accept compensation in any form for services performed for the company from any source other than the Company.
- **GIFTS & DONATIONS**
Directors and its employees shall not accept Gifts from persons or entities who deal with the company, where such acceptance would lead to a situation of Conflict of Interest.

- **PERSONAL USE OF COMPANY'S ASSETS**

Directors may not use Company's assets for personal use unless the same is approved by disinterested directors or is available as a part of compensation or in the form of reimbursement program.

2. CORPORATE OPPORTUNITIES

Directors owe a duty to the company to advance its legitimate interests when the opportunity to do so arises.

3. CONFIDENTIALITY

Directors should maintain the Confidentiality of information entrusted to them by the company and any other confidential information about the company that comes to them, from whatever source, in their capacity as a Director, except when disclosure is authorized or legally mandated. For the purpose of this Code, "Confidential information" includes all Non-Public information relating to the Company.

4. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Directors shall comply and satisfy themselves that appropriate policies and procedures are in place for compliance by employees, officers and by the board with Laws, Rules and Regulations applicable to the Company. Directors shall satisfy themselves that appropriate policies and procedures are in place for fair dealing by employees and officers with the Company's customers, suppliers, competitors and all other agencies with whom the Company interacts.

5. REPORTING OF UNETHICAL BEHAVIOR

Directors should take steps to ensure that the employees at all levels are encouraged to report of any violation in any Law, Rule or Regulation which the Company is expected to adhere to. Directors should also ensure that the employees are given the necessary protection as may be needed to the concerned employee who reports to his superiors about any deviation.

6. ENCOURAGING INTERACTION WITH EMPLOYEES

Directors should encourage employees at all levels to talk to their superiors, managers and other appropriate personnel in the Company, in case they need any guidance or clarifications in any particular situation..

7. PROTECTION AND PROPER USE OF COMPANY'S ASSETS

All Directors must protect the Company's assets and ensure their efficient use. They should also ensure that the assets of the company are used only for legitimate business purpose.

8. COMPLIANCE PROCEDURE

Any suspected violation of the Code should be reported promptly to the Board or to such other person designated by the Board in this regard and appropriate action should be taken in the event of any violation of the Code.

9. WAIVER

Any waiver/ amendment of this Code occurring subsequently shall be made only by the Board of Directors of the Company and such waiver/ amendment shall be posted immediately to the Company's public Website.