

Code of Conduct

for the members of the Board of Directors of H. R. Textile Mills Limited

The Board of Directors (the "Board") of H.R. Textile Mills Limited has adopted the following Code of Conduct (the "Code ") for directors of the Company. This Code is intended to focus the Board on areas of ethical risk, to provide guidance to directors to help them recognize and deal with ethical issues, to provide mechanism to report unethical conduct, and help foster a culture of honesty and accountability. Each director must comply with the spirit of this Code.

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 directors. Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman who may consult with inside or outside legal counsel as appropriate.

1. Directors' Responsibilities

The Board's responsibilities include a duty of care and duty of loyalty. A director's duty of care refers to the responsibility to exercise appropriate diligence in overseeing the functions of management of the Company, making decisions and taking other actions. In meeting the duty of care, directors are expected to:

- Attend and participate in board and committee meetings. Personal participation is essential. Directors may not vote or participate by proxy.
- Remain properly informed about the company's business and affairs. Directors should devote appropriate time to review and study the board materials.
- Rely on others. Directors may rely on board committees, management, employees, and professional advisors.
- Make inquiries. Directors should make inquiries about potential problems that come to their attention and follow up until they are reasonably satisfied that management is addressing them appropriately.

A director's duty of loyalty refers to the responsibility to act in good faith and in the Company's best interests, not the interests of the director, a family member or an organization with which the director is affiliated. Directors should not use their positions for personal gain.

2. Conflict of Interest:

Directors must avoid any conflicts of interest between the director and 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 Chairman of the Board.

This Code does not attempt to describe all possible conflicts of interest which could develop. Some of the more common conflicts from which directors must refrain, however, are set out below.

- Relationship of Company with third-parties. Directors may not engage in any conduct or activities that are inconsistent with the Company's best interests or that disrupt or impair the Company's relationship with any person or entity with which the Company has or proposes to enter into a business or contractual relationship.
- 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. Directors and members of their families shall not accept gifts from persons or entities who deal with the Company in those cases where any such gift is being made in order to influence the directors' actions as a member of the Board.
- Personal use of Company assets. Directors may not use Company assets, labor or information for personal use and gains unless approved by the Board.

3. Corporate Opportunities:

Directors are prohibited from:

- (a) taking for themselves personally opportunities related to the Company's business;
- (b) using the Company's property, information, or position for personal gain; or
- (c) competing with the Company for business opportunities, provided, however, if the Company's disinterested directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director may do so.

4. Confidentiality:

Directors should maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company that come to their knowledge from whatever source, in their capacity as a director, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the Company.

5. Compliance with laws, rules and regulations & Fair dealing:

- a) Directors shall comply and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Company, including insider trading laws.
- b) Directors shall oversee fair dealing by employees and officers with the Company's customers, suppliers, competitors and employees.
- c) Directors should take all reasonable steps to ensure that necessary disclosures are being regularly made as part of their responsibility.

6. Encouraging the reporting to any illegal or unethical behavior:

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 Employee Handbook/Employee Code of Conduct to appropriate personnel; and
- (c) informs employees that the Company will not allow retaliation for reports made in good faith.

7. Compliance Procedures & Waivers:

Directors shall communicate any violation of this Code that may come to their notice promptly to the Board. Violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event of any violation as suggested/recommended.

Any waivers of this Code may only be granted by the Board after disclosure of all material facts by the director seeking the waiver. Waivers will only be granted in exigent circumstances.