

SANGHI INDUSTRIES LIMITED
**CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR
MANAGEMENT**

Code of Business Conduct and Ethics for Directors and Senior Management

Preamble

The following Code of Business Conduct and Ethics (the “Code”) for Directors and the Senior Management may be adopted by the Board of Directors (the “ Board”) of M/s. Sanghi Industries Limited (the “Company”) The Senior Management shall include all Executives in the position of Asst. Vice President and above as Top Management Cadre of the Company.

This Code of Conduct is intended to draw the attention of the Board and Senior Management on likely areas of ethical risk; provide guidance to them to help them recognize and deal with ethical issues; provide mechanisms to report unethical conduct; and help foster a culture of honesty and accountability.

Each Director and Senior Management must comply with the letter and spirit of this Code.

No code or policy can anticipate every situation that may arise or replace the thoughtful behavior of an ethical Director/or employee of the Company. Directors are encouraged to bring to the attention of the Chairman of the Board, questions about particular circumstances that may implicate one or more of the provisions of this Code. Senior Management may bring such questions to the attention of Managing Director.

The Director / Senior Management personnel who leaves the Company shall continue to be governed by some of the provision of this code of conduct such as Insider Trading, Confidentiality etc for a further period of 90 days from the day he ceased to be employee of the Company.

CODE OF CONDUCT

1. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Directors and Senior Management must comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Company. Directors and Senior Management must acquire appropriate knowledge of the legal requirements relating to their duties to enable them to be in compliance thereof and to recognize potential risks. A suggestive list of do's and don'ts for the Senior Management Employees, Directors and Independent Directors is given herein below though the same is warranted to not be considered as an exhaustive one and the interpretation of the professional and ethical conduct would depend upon the circumstances of each case which the Officer is expected to construe and interpret with his reasonable understanding and intelligence.

For Senior Management Employees:

1. Dedicate sufficient time, energy and attention to the Company to ensure diligent performance of his duties, including preparing for meetings and decision-making by reviewing in advance any materials distributed and making reasonable inquiries.
2. Seek to comply with all Corporate Policies.
3. Conduct themselves in a professional, courteous and respectful manner.
4. Comply with all applicable laws, rules and regulations.
5. Act in a manner to enhance and maintain the reputation of the Company.
6. Respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service as Officers of the Company, except when authorized or legally required to disclose such information.

For Directors

1. Make reasonable efforts to attend Board and Committee meetings regularly.
2. Disclose potential conflicts of interest that they may have regarding any matters that may come before the Board, and abstain from discussion and voting on any matter in which the Director has or may have a conflict of interest.
3. Make available to and share with other Board members information as may be appropriate to ensure proper conduct and sound operation of the Company and its Board of Directors.
4. Not to use confidential information acquired in the course of their service as directors for their personal advantage.
5. A Director who has a material personal interest in any matter should notify the

Board of Directors.

6. A Director should not make a decision about any matter before attending and participating in the deliberations of the meeting. Director must bring an open and independent mind to Board or Committee meetings and
7. Act in the best interests of, and fulfill their fiduciary obligations to, Company's stakeholders.
8. Where a decision is not unanimous, a dissenting Director may disclose the fact that he dissented.

For Independent Directors

The independent directors shall—

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
3. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. Strive to attend the general meetings of the company;
6. Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. Keep themselves well informed about the company and the external environment in which it operates;
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

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12. Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law

An Independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his / her knowledge, attributable through Board processes, and with his / her consent or connivance or where he / she had not acted diligently with respect of the provisions contained in the Listing Agreement.

2. CONFLICT OF INTEREST

Directors and Senior Management personnel should avoid any conflicts of interest between themselves 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 / Managing Director.

A “Conflict of interest” can occur when:

- A Director’s or Senior Management’s personal interest is adverse to - or may appear to be adverse to - the interests of the Company as a whole.
- A Director or Senior Management or a member of his or her immediate family as defined by the Insider Trading Regulation applicable to the Company receives improper personal benefits as a result of his or her position as a Director or Senior Management of the Company.

Some of the more common conflicts, which directors should avoid, are listed below as a matter of example :-

a) Relationship of Company with third-parties

Directors or Senior Management may not receive a personal benefit from a person or firm which is seeking to do business or to retain business with the Company. A Director and Senior Management shall abstain himself from any meeting(s) whereat any decision involving another firm or company with which he/she is affiliated is likely to be taken. If there are any transactions proposed with such related parties within the knowledge of Directors and Senior Management, they must report the same to the Compliance Officer.

b) Compensation from non-Company sources

Directors and Senior Management shall not accept compensation (in any form) for any services rendered to the Company from any source other than the Company.

c) Gifts

Directors and Senior Management shall restrain themselves from accepting, offering or giving of gifts from persons or entities who deal with the Company in case there is any apprehension that such gift is being made in order to influence the actions to derive an undue advantage to the Company or where acceptance of the gifts could result into a conflict of interest.

d) Holding of Political Post

Looking to the overall interest of the organization, Holding or contesting an election for any political post by Directors is unacceptable as it could interfere with the performance and discharge of responsibilities towards the Company.

3. CORPORATE OPPORTUNITIES

Directors and Senior Management are prohibited from:

- a) Taking for themselves or their companies opportunities that are discovered through the use of Company property, information derived through the company;
- b) Using the Company's property or information for personal gain or
- c) Competing with the Company for business opportunities.

4. BRIBERY AND CORRUPTION

No Director or employee of the Company will involve in bribery or corruption in conducting the Company's business. No Director or employee will offer or provide either directly or indirectly any undue pecuniary or other advantages for the purpose of obtaining, retaining, directing or securing any improper business advantage.

5. INSIDER TRADING

All Directors and Senior Management shall comply with the Insider Trading Regulations as laid down by SEBI and the Company.

a. **Preservation of Price Sensitive Information**

Director and Senior Management shall maintain confidentiality of price sensitive information. They shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of the company's securities. Price sensitive information should be disclosed only to those persons within the company who need the information for discharging their duties.

b. **Minimum Holding Period**

In order to establish that the investment in company's securities has been made for investment purpose, the person governed by this code shall hold the securities bought for a minimum period of 90 days. The above holding period shall also apply to subscriptions made in the primary market.

c. **Reporting Requirements**

Director and Senior Management shall disclose their shareholding in the company as on 31st March of each year, to the Compliance Officer, as per annexure to the Code of Conduct

6. USE AND PROTECTION OF ASSETS AND INFORMATION

Directors and Senior Management entrusted with property belonging to the Company are responsible for the careful use, protection, expenditure and administration of such assets.

7. INTELLECTUAL PROPERTY

Directors and Senior Management shall make their best efforts to protect all Intellectual Properties including data protection and data security related to the Company, as it is critical to the Company's overall success.

8. CONFIDENTIALITY

Directors and Senior Management must maintain the confidentiality of all the non public information relating to the Company, in their possession and any other confidential information about the Company that comes to them, from whatever source, in their capacity as a Director and Senior Management. However, the confidentiality can be exempted in case the disclosure is authorized or legally mandated.

9. INTERACTION WITH MEDIA

All statements made to the media on behalf of the Company should be true and fair. Only authorized persons, approved by the Managing Director, are allowed to interact with media on specific subjects. The interaction with media should be combined with cautionary statements, wherever required.

10. FAIR DEALING

Directors must deal fairly, and must oversee fair dealing by employees and officers, with the Company's customers, suppliers, consultants, dealers, business associates, auditors and employees.

No discrimination shall be done on the basis of caste, religion, sex, nationality or disability of any kind towards any employees, customers, suppliers, or any business partner.

Directors and Senior Management shall encourage women-friendly work culture and any incident of sexual harassment shall be dealt severely.

11. ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR (WHISTLE BLOWER MECHANISM)

In their endeavor to promote ethical behavior of the employees, the Directors and Senior Management should take steps to ensure that the Company:-

- a) Encourages employees to talk to their 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.

12. HEALTH, SAFETY AND ENVIRONMENT

The business and operations of the Company shall be conducted in an environmentally friendly manner and provide a safe and healthy working environment to its employees. Directors and Senior Management shall ensure compliance with all applicable environmental, safety and health laws and regulations and internal policies.

13. COMPLIANCE STANDARDS

Any Director who apprehends that the Code of Conduct has been violated, then he shall immediately bring the said suspected violation to the attention of the Chairman of the Audit Committee of the Directors. Similarly, the Senior Management persons as and when they apprehend that the Code of Conduct has been violated by any person, should immediately bring it to the attention of the Managing Director of the Company. The Managing Director after prima facie satisfying himself that there is a suspected violation, shall communicate the same to the Chairman of the Audit Committee. Thereafter the suspected violations of the Code of Conduct shall be investigated by the Board of Directors or by Committee of Directors or Senior Management, designated by the Board of Directors and appropriate action will be taken in the event of any violations of the Code.

14. AMENDMENT, MODIFICATION AND WAIVER OF CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors of the Company can amend, modify or grant waiver of any provision of the Code of Conduct in consultation with Audit Committee subject to applicable laws, rules, regulations and guidelines. The Board will be under an obligation to disclose the same to the shareholders of the Company.

15. AWARENESS OF THE CODE OF CONDUCT AND MANDATORY COMPLIANCE

Original Code of Conduct was mandatory with effect from 25th January 2008 and the same has been modified so as to include the amendment made by applicable laws and regulations. The said Code of Conduct be also disseminated on the website of the company.

ANNEXURE

To,
The Compliance Officer,
Sanghi Industries Limited
P.O. Sanghinagar,
Hayatnagar Mandal,
R.R.District,
Telangana – 501511

Code of Conduct - Compliance Certificate as at Financial Year End Dated

I, being a member of the Board of Directors / Senior Management of Sanghi Industries Limited (“the Company”) hereby acknowledge, confirm and certify that:

- i) I have received, read and understood the Code of Business Conduct and Ethics for Directors and Senior Management of the Company;
- ii) I am bound by the said Code to the extent applicable to my functions as a member of the Board of Directors / Senior Management of the Company;
- iii) During the financial year _____, I have complied with the provisions of the said Code;
- iv) I am not aware of nor am I a party to any non-compliance with the said Code.
- v) As at Financial year end Dated _____, I hold _____ shares of the company.

Signed:

Name:

Designation:

Date:
