

# **GOKAK TEXTILES LIMITED**

## **CODE OF CONDUCT**

### **FOR ALL BOARD MEMBERS AND SENIOR MANAGEMENT**

#### **1. Ethical Standards**

Every employee or Director and every representative of the Company shall deal on behalf of the Company with professionalism, honesty, integrity and high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

Every employee or Director and every representative of the Company shall be responsible for the implementation of and compliance with the Code in his professional environment. Failure to adhere to the Code could attract the most severe consequences including termination of employment.

#### **2. Regulatory Compliance**

Every employee or Director and every representative of the Company shall, in his business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he/she operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code then the standards of the Code shall prevail.

#### **3. Employment**

An employee or a Director, or a representative of the Company shall not accept employment or a position of responsibility (such as consultant or director) with any other company, nor provide “free-lance” services to anyone, without the prior approval of the Managing Director of the company in which he works. However, with reference to the Independent Directors, this stipulation shall apply, subject to Clause 4, only with reference to those enterprises, which are regarded as the competitors, to the Company.

#### **4. Conflict of Interest**

An employee, Director, or a representative of the Company shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of his Company or the Group. A conflict of interest may arise where, directly or indirectly –

- (a) an employee or a Director or a representative of the Company engages in a business, relationship or activity with anyone who is party to a transaction with his Company,
- (b) an employee, director or a representative is in a position to derive a personal benefit or benefits to any of his relatives by making or influencing decisions relating to any transaction, and
- (c) an independent judgement of the Company's or Group's best interest cannot be exercised.

The main areas of such conflict of interest would include the following:

- (i) Financial interest of an employee or a Director or a representative of the Company or their relatives in an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the the Company.
- (ii) An employee or a Director or a representative of the Company conducts business on behalf of his Company or is in a position to influence a decision with regard to his Company's business with a supplier or customer of which his relative is a principal officer or representative, resulting in a benefit to him or his relative.
- (iii) Award of benefits such as increase in salary or other remuneration, position, promotion or recruitment of a relative of an employee or a representative of the Company where such an individual is in a position to influence the decision with regard to such benefits.
- (iv) Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the Company.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the company's management with an undertaking not to allow the conflict to continue. The management would then review the matter and take appropriate action.

## **5. Securities Transactions and Confidential Information**

An employee or a Director or a representative of the Company and his immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company or the Group, which is not in the public domain and thus constitutes insider information.

An employee or a Director or a representative of the Company shall not make or maintain a substantial financial interest or investment in a company, which is a supplier, customer, distributor of or has other business dealings with his Company. The ownership of upto 1% of the subscribed share capital of a publicly held company shall not ordinarily constitute a substantial financial interest.

An employee or a Director or a representative of the Company shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the respective Forbes Group Company on which such insider information has been obtained.

Such insider information might include the following:

- acquisition and divestiture of business or business units
- financial information such as profits, earnings and dividends
- announcement of new product introductions or developments
- asset revaluations
- investment decisions/plans
- restructuring plans
- major supply and delivery agreements
- raising finances

## **6. SEBI (Prohibition of Insider Trading) Regulations, 1992**

An employee or a Director or a representative of the Company shall comply with the SEBI (Prohibition of Insider Trading) Regulations, 1992. In particular

### **A. Price Sensitive Information**

Employees/directors/representative shall maintain the confidentiality of all Price-Sensitive Information. Employees / directors shall not pass on such information to any person directly or indirectly by way of making a recommendation for purchase or sale of securities.

### **B. Need to know**

Unpublished "Price-Sensitive Information" is to be handled on a "need to know" basis, i.e., Unpublished, Price-Sensitive Information should be disclosed only to those within the company who need the information to discharge their duties and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

### **C. Non-public information**

All non-public information directly received by any employee should immediately be reported to the head of the department.

### **D. Limited access to confidential information**

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and pass word etc.

### **E. Prevention of misuse of “Price-Sensitive Information”**

All directors / employees and representatives of the Company shall be subject to trading restrictions as set out below :-

All directors / officers / designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors / officers / designated employees shall also not take position in derivatives transactions in the shares of the Company at any time.

In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

### **F. Trading Window**

The trading window shall be closed 7 (seven) days prior to the events and shall remain closed upto 24 hours after the publication of the “price sensitive information” as prescribed in the regulations.

## **7. Protecting Company Assets**

The assets of the Company should not be misused by employees for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

## **8. Citizenship**

An employee or a Director or a representative of the Company shall in his private life be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interest of the Company or the Group.

## **9. Integrity of data furnished**

Every employee and every representative of the Company shall ensure at all times the integrity of data or information furnished by him to the Company.

## **10. Reporting concerns**

Every employee and every representative of the Company shall promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could effect the business or reputation of his or any other Company. Failure to adhere to the Code could result in severe consequences including termination of the employment or contract.

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