



Quarterly Compliance Report on Corporate Governance
Name of the Company : GOKAK TEXTILES LIMITED
Quarter ending on : 31st December, 2014

Particulars	Clause of Listing Agreement	Compliance Status (Yes/No)	Remarks
II. Board of Directors	49 (II)		
A. Composition of Board	49 (IIA)	Yes	
(i) The Board of Directors consists of 8 members, of these the Executive Director & CEO is the whole-time Director and the remaining 7 are Non-Executive Directors.			
(ii) The Company has Non-Executive Chairman who is a Promoter Director. The Company has at present 4 (four) independent directors.			
B. Independent Directors	49(II B)		
(i) The Company has at present 4 (four) Independent Directors	49(II B)(1)	Yes	
(ii) Limit on number of directorships	49(II B)(2)	Yes	
(iii) Maximum tenure of Independent Directors	49(II B)(3)	Yes	
(iv) Formal letter of appointment to Independent Directors	49II(B)(4)	Yes	
(v) Disclosure of criteria for performance evaluation of Independent Directors in the Annual Report	49II(B)(5)	N.A.	Will be disclosed in the next Annual Report
(vi) Separate meetings of the Independent Directors	49II(B)(6)	N.A.	Will be complied with before the financial year ending on 31.03.2015
(vii) Familiarisation programme for Independent Directors	49II(B)(7)	N.A.	Will be disclosed in the next Annual Report
C. Non-Executive Directors' Compensation & Disclosures	49 (IIC)	Yes	
The compensation paid to non-executive director is proposed by the Remuneration Committee and approved by the Board of Directors as well as shareholders in general meeting			
At present the Company has no Stock Option Scheme.			
D. Other provisions as to Board and Committees	49 (IID)	Yes	
(i) 7 (Seven) Board Meetings were held during the year 2013-14 and the time gap between 2(two) meetings does not exceed 4 months.			
(ii) None of the Directors of the Company is a member in more than 10 Committees or acts as the Chairman of more than 5 Committees across all companies in which he is a Director.			
Every Director of the Company informs the Company about the committee position he occupies in other Companies annually and notifies changes as and when they take place.			
(iii) The Board shall periodically review compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.			
(iv) Independent Director resigned or removed shall be replaced within 3 months of next immediate board meeting, if required to fulfil the requirement of Independent Directors.			Will be complied with as and when applicable.
E. Code of Conduct	49 (IIE)	Yes	
(i) The Code of Conduct for all Board members and Senior management of the Company is laid down and posted on the website www.gokakmills.com			
(ii) An affirmation from all Board Members and Senior Management for compliance is obtained on annual basis.			
The Annual Report of the Company to contain a declaration to this effect signed by the CEO.			



<p>f. Whistle Blower Policy</p> <p>(i) Established a vigil mechanism for Directors and employees to report concern about unethical behaviour or suspected fraud or violation of the Company's code of conduct or ethics policy.</p> <p>(ii) Establishment of such mechanism disclosed by the Company in its website www.gokakmills.com</p>	49 (IIF)	Yes	
<p>III. Audit Committee</p> <p>A. Qualified and Independent Audit Committee</p> <p>A qualified and independent audit committee is set up and terms of reference are given</p> <p>(i) There are 3 (Three) Directors as members on the audit committee and three members i.e. more than two-thirds of the members are Independent Directors.</p> <p>(ii) All the committee members are financially literate and all have accounting or related financial management expertise.</p> <p>(iii) The Chairman of the audit committee is an Independent Director.</p> <p>(iv) The Chairman of the audit committee to be present at the Annual General Meeting.</p> <p>(v) Divisional Heads of the Company to attend the Audit Committee meetings and the head of the finance function to be present, internal auditor and representatives of the statutory auditors to be invited to the Audit Committee meetings.</p> <p>(vi) The Company Secretary acts as the secretary of the Committee.</p>	49 (III)	Yes	
<p>A. Qualified and Independent Audit Committee</p> <p>A qualified and independent audit committee is set up and terms of reference are given</p> <p>(i) There are 3 (Three) Directors as members on the audit committee and three members i.e. more than two-thirds of the members are Independent Directors.</p> <p>(ii) All the committee members are financially literate and all have accounting or related financial management expertise.</p> <p>(iii) The Chairman of the audit committee is an Independent Director.</p> <p>(iv) The Chairman of the audit committee to be present at the Annual General Meeting.</p> <p>(v) Divisional Heads of the Company to attend the Audit Committee meetings and the head of the finance function to be present, internal auditor and representatives of the statutory auditors to be invited to the Audit Committee meetings.</p> <p>(vi) The Company Secretary acts as the secretary of the Committee.</p>	49 (IIIA)	Yes	
<p>B. Meetings of Audit Committee</p> <p>4 (four) Audit Committee Meetings were held during the year 2013-14 and the time gap between 2 (two) meetings is less than 4 months.</p> <p>The requisite quorum with minimum 2 (two) independent directors were present at the Committee Meetings.</p>	49 (IIIB)	Yes	
<p>C & D. Powers and Role of Audit Committee</p> <p>The powers and the role of the Audit Committee are laid down by the Board which includes the powers laid down in Clause 49 III (C).</p> <p>The role of the audit committee includes additional functions / features contained in Clause 49 III (D).</p>	49 (IIIC&D)	Yes	
<p>E. Review of information by Audit Committee</p> <p>The Audit Committee inter-alia reviews management discussion and analysis of financial conditions and results of operations, significant related party transactions, internal audit reports, management letters of internal control weaknesses issued by the statutory auditors, appointment, removal and terms of remuneration of internal auditors, etc.</p>	49 (IIIE)	Yes	
<p>IV. Nomination and Remuneration Committee.</p> <p>A. Nomination and Remuneration Committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.</p> <p>B. The role of the Nomination and Remuneration Committee includes functions / features contained in Clause 49 IV (B).</p>	49 (IV)	Yes	
<p>V. Subsidiary Companies</p>	49 (V)	Yes	Gokak Power & Energy Ltd. Non listed Indian Subsidiary
<p>VI. Risk Management</p> <p>The Board has laid down Risk Management Policy</p>	49 (VI)	Yes	
<p>Constitution of Risk Management Committee</p>		N.A.	Not applicable at present.



<p>VII. Related Party Transaction</p> <p>Formulated a policy on dealing with Related Party Transactions covering details contained in Clause 49VII (B) (C) (D) and (E)</p>	<p>49 (VII)</p>	<p>Yes</p>	
<p>VIII Disclosures</p>	<p>49 (VIII)</p>		
<p>A. Related Party Transactions</p> <p>(i) Details of all material transactions with related parties are disclosed quarterly alongwith the compliance report on corporate governance</p> <p>(ii) Policy on dealing with Related Party Transactions is disclosed on the website of the Company www.gokakmills.com</p>	<p>49 (VIII A)</p>	<p>N.A.</p> <p>Yes</p>	<p>However this will be placed as and when such transaction takes place.</p>
<p>B. Disclosure of Accounting Treatment</p> <p>The Company adheres to the Accounting Standards while preparing financial statements. Whenever, the treatment is different from that prescribed in an Accounting Standard, the fact is disclosed in financial statements together with the explanation of the Management in the Corporate Governance Report.</p>	<p>49 (VIII B)</p>	<p>Yes</p>	<p>Will be disclosed in the financial statements as and when applicable.</p>
<p>C. Remuneration of Directors</p> <p>(i) All pecuniary relationship or transactions of all non-executive directors vis-à-vis the company, if any, are disclosed in the Annual Report.</p> <p>(ii) Appropriate disclosures on the remuneration of directors are made in the section on the corporate governance of the annual report.</p> <p>(iii) The Company shall publish the criteria of making payments to non-executive directors in its annual report.</p> <p>(iv) The Company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.</p> <p>(v) Disclosure by the Non-executive directors of their shareholdings in the Company in which they are proposed to be appointed as directors prior to their appointment.</p>	<p>49 (VIII C)</p>	<p>Yes</p>	<p>Such disclosure would be taken prior to their appointment.</p>
<p>D. Management</p> <p>(i) Management Discussion and Analysis Report and disclosures of all material financial and commercial transactions.</p> <p>(ii) Senior management to disclose to the Board all material financial and commercial transactions in which they have personal interest that may have a potential conflict with the interest of the Company at large.</p> <p>(iii) Code of conduct for the Board of Directors and the Senior Management is disclosed on the website of the Company www.gokakmills.com</p>	<p>49 (VIII D)</p>	<p>Yes</p>	
<p>E. Shareholders</p> <p>(i) Required details of appointment of new Director or re-appointment of a Director forms part of the Annual Report of the Company.</p> <p>(ii) Quarterly Results are filed with Bombay Stock Exchange Ltd., and uploaded on the Company's website www.gokakmills.com</p> <p>(iii) The Company has a Stakeholders Relationship Committee. The Chairman of the Committee is a non-executive director. The Committee looks into the redressal of investors grievance and all other matters related to shares.</p> <p>(iv) The above Committee has the power of share transfer, transmission, rematerialisation, consolidation, split, duplicate. In addition, the Company has also delegated the work relating to transfer of shares etc. to Registrar and Share Transfer Agents.</p>	<p>49 (VIII E)</p>	<p>Yes</p>	



<p>F. Proceeds from public issues, rights issues, preferential issues etc. Disclosure to audit committee, the uses/applications of funds on a quarterly and annual basis.</p>	49 (VIII F)	N.A.	Appropriate quarterly and annual disclosures will be made when money is raised through an issue.
<p>IX. CEO / CFO Certification Certification to the Board by the Managing Director and Chief Financial Officer having reviewed the financial statements for the year, evaluated the effectiveness of internal control systems for financial reporting and disclosed to the auditor and the Audit Committee deficiencies in the design or operation of such internal control, if any, significant changes in accounting policies, instances of significant fraud, if any.</p>	49 (IX)	Yes	
<p>X. Report on Corporate Governance (i) Detailed compliance report on Corporate Governance to form part of Annual Report of the Company. (ii) Submission of quarterly compliances report to the Bombay Stock Exchange Ltd.</p>	49 (X)	Yes	
<p>XI. Compliance Certification by the auditors or practising company secretary on compliance of conditions of Corporate Governance.</p>	49 (XI)	Yes	

For GOKAK TEXTILES LIMITED

Ramananda P.

(K.Ramananda Pai)
Company Secretary

13th January, 2015