



GOKAK TEXTILES LIMITED

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDER

[As envisaged under Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015]

INTRODUCTION:

The Board of Directors of Gokak Textiles Limited (herein after referred to as “the Company”) have adopted revised Code of Conduct for Prevention of Insider Trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015 replacing the existing Code of Conduct for Prevention of Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations, 1992.

It is mandatory in terms of the Regulations for every listed company, market intermediaries and any other person who is required to handle Unpublished price sensitive information (UPSI) in the course of business operations to formulate a Code of Conduct for Prevention of Insider Trading to regulate, monitor and report trading by its Directors, Employees and other Connected Persons.

The Regulations not only regulate trading by insiders but also seek to prohibit insider trading.

The Code is also intended to serve as a guiding charter for all concerned persons associated with the functioning of listed companies and their trading in Securities of such companies. Further, the Code also seeks to ensure timely and adequate disclosure of UPSI to the investor community by the Company to enable them to take informed investment decisions with regard to the Company’s Securities. The provisions of this Code have to be read along with the Regulations and if there is any inconsistency / contradiction between the two, the provisions of the Regulations shall prevail.

DEFINITIONS:

a. “Compliance Officer” means Company Secretary of the Company or any other person designated by the Board of Directors as Compliance Officer from time to time and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of the Company;



b. "Connected Person" means :-

(i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

(ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -

- (a). an immediate relative of connected persons specified in clause (i); or
- (b). a holding company or associate company or subsidiary company; or
- (c). an intermediary as specified in section 12 of the Act or an employee or director thereof; or
- (d). an investment company, trustee company, asset management company or an employee or director thereof; or
- (e). an official of a stock exchange or of clearing house or corporation; or
- (f). a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
- (g). a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
- (h). an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- (i). a banker of the company; or
- (j). a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest.

c. "Designated Persons" means and includes Promoters, Directors of the Company and its subsidiaries, all Employees of the Company in Finance and Accounts Department, Secretarial and any other departments who have access to UPSI, Connected Persons, persons designated by the Company on the basis of their functional role and immediate relatives of Designated Persons.

d. "generally available information" means information that is accessible to the public on a non-discriminatory basis, such as information published on websites of stock exchange.



e. "immediate relative" means a spouse of a person, and includes parent, sibling and child of such person or of the spouse, who are either financially dependent on such person or consults such person in taking decisions relating to trading in securities.

f. "Insider" means any person who is a Connected Person or in possession of or having access to Unpublished Price Sensitive information.

g. "Promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.

h. "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.

i. "Trading in Securities" means and includes an act of subscribing to, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in any Securities of the Company and "trade" shall be construed accordingly.

j. "Trading Day" means a day on which the recognized stock exchanges are open for trading.

k. "Unpublished Price Sensitive Information ("UPSI") means any information, relating to a Company or its Securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of Securities of the Company and shall, ordinarily include but not be restricted to, information relating to the following:

- (i) financial results ;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel; and
- (vi) material events in accordance with the listing agreement/regulations

All terms used in this Code but not defined hereinabove shall have the meanings as prescribed under the Regulations.

COMPLIANCE OFFICER:

The Board of the Company shall appoint the Company Secretary as the Compliance Officer to ensure compliance and for effective implementation of the Regulations and also this Code across the Company.



The Compliance Officer shall report to the Board of the Company.

The Company Secretary shall hold the position of the Compliance Officer so long as he/she remains the Company Secretary. In the event of the office of the Company Secretary falling vacant till such time a successor is appointed, the Managing Director shall, in the interim period act as the Compliance Officer.

In order to discharge his/her functions effectively, the Compliance Officer shall be adequately empowered and provided with adequate manpower and infrastructure to effectively discharge his/her function. In the performance of his/her duties, the Compliance Officer shall have access to all information and documents relating to the Securities of the Company.

The Compliance Officer shall act as the focal point for dealings with SEBI in connection with all matters relating to the compliance and effective implementation of the Regulations and this Code.

The Compliance Officer shall assist all the Designated Persons in addressing any clarifications regarding the Regulations and this Code.

The Compliance Officer shall place status reports before the Chairman of the Audit Committee, detailing Trading in the Securities by the Designated Persons along with the documents that such persons had executed in accordance with the pre-trading procedure prescribed under the Code on a yearly basis.

Preservation of Unpublished Price Sensitive Information:

'Designated Persons' shall maintain the confidentiality of all UPSI coming into their possession or control and shall not:

- (i) communicate, provide or allow access of UPSI to any person directly or indirectly, including by way of making a recommendation for the purchase or sale of Securities of the Company unless such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations; or
- (ii) discuss UPSI in public places, or
- (iii) disclose UPSI to any Employee who does not *need-to-know* the information for discharging his or her duties, or
- (iv) recommend to anyone that they may undertake Trading in Securities of the Company while being in possession, control or knowledge of UPSI, or



(v) be seen or perceived to be Trading in Securities of the Company while in possession of UPSI.

Need to Know:

All information shall be handled within the organization on a need-to-know basis and no UPSI shall be communicated to any person except in furtherance of the Insider's legitimate purpose, performance of duties or discharge of his legal obligations in the course of performance or discharge of their duty and whose possession of UPSI will not in any manner give rise to a conflict of interest or likelihood of misuse of the information.

Limited access to confidential information:

'Designated Persons' in preserving the confidentiality of information and to prevent its wrongful dissemination, adopt among others, the following safeguards:

- (1) files containing confidential information shall be kept secure.
- (2) computer files must have adequate security of login through a password.
- (3) follow the guidelines for maintenance of electronic records and systems as may be prescribed by the Compliance Officer from time-to-time in consultation with the person in charge of the information technology function.

CHINESE WALL :

To prevent the misuse of UPSI, the Company has adopted a 'Chinese Wall' policy which separates those departments which routinely have access to UPSI, considered —inside areas from those departments which deal with sale/marketing or other departments providing support services, considered —public areas .

As per the said policy:

- (i) The Employees in the inside areas are not allowed to communicate any UPSI to anyone in the public areas.
- (ii) The Employees in inside area may be physically separated from the Employees in public area.
- (iii) Only in exceptional circumstances, Employees from the public areas are brought over the wall and given UPSI on the basis of need-to- know criteria, under intimation to the Compliance Officer.

TRADING WINDOW:

Other than the period(s) for which the Trading Window is closed as prescribed hereunder, the same shall remain open for Trading in the Securities of the Company.

Unless otherwise specified by the Compliance Officer, the Trading Window for Trading in Securities of the Company shall be closed for the 'Designated Persons' when the Compliance Officer determines that a 'Designated Person' or class of 'Designated Persons' are reasonably expected to have UPSI.



In respect of declaration of financial results, the Trading Window shall remain closed from a date that is 7 days prior to the end of the respective quarter, half-year, or financial year, as the case may be.

The Trading Window shall be opened 48 (Forty-Eight) hours after the information referred to above becomes generally available. All the 'Designated Persons' shall strictly conduct all their Trading in the Securities of the Company only when the Trading Window is open and no 'Designated Person' or their Immediate Relatives shall trade in the Securities of the Company during the period the Trading Window is closed or during any other similar period as may be specified by the Compliance Officer from time-to-time. The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.

PRE-CLEARANCE OF DEALS IN SECURITIES:

Applicability:

Every Designated Person shall obtain a *pre-trading* approval as per the procedure prescribed hereunder for any Trading in the Securities of the Company proposed to be undertaken by such Designated Person / his / her Immediate Relatives. Such *pre-trading* approval would be necessary, only if the cumulative trading (including trading in derivatives of Securities, if permitted by law) whether in one transaction or a series of transactions in any financial year exceeds Rs. 10 lakhs (market value).

Pre-trading Procedure:

For the purpose of obtaining a *pre-trading* approval, the concerned 'Designated Person' shall make an application in the prescribed form (see **Annexure 1**) to the Compliance Officer. (The Compliance Officer should submit his/her application for *pre-trading* approval to the Managing Director/Chief Executive Officer.) Such application should be complete and correct in all respects and should be accompanied by such undertakings and declaration (see **Annexure 2**) indemnity bonds and other documents/papers as may be prescribed by the Compliance Officer from time-to-time. Such application for *pre-trading* approval with enclosures may preferably be sent through electronic mail followed by hard copies of all the documents. The e-mail for this purpose should be sent to the address i.e. ramanandapai@gokaktextiles.com. No 'Designated Person' shall apply for pre-trading approval if such person is in possession of UPSI, even if the Trading Window is not closed.

(a) The Compliance Officer shall consider the application made as above and shall approve it forthwith preferably on the same Trading Day but not later than the next Trading Day unless he is of the opinion that grant of such an approval would result in a breach of the provisions of this Code, or the Regulations. Such approval/rejection may preferably be conveyed through electronic mail and if no such approval /



intimation of rejection is received within a period of 2 (two) Trading Days, the applicant can presume that the approval is deemed to be given.

(b) Every approval letter shall be issued in such format (see Annexure 3) as may be prescribed by the Company from time-to-time. Every approval shall be dated and shall be valid for a period of 7 (seven) Trading Days from the date of approval.

Completion of Pre-cleared Trading:

All the Designated Persons shall ensure that they / their Immediate Relatives complete execution of every pre-cleared deal in the Company's Securities as prescribed above no later than 7 (seven) Trading Days from the date of the approval.

The Designated Person shall file within 2 (two) Trading Days of the execution of the deal/ non execution of deal, the details of such deal, with the Compliance Officer in the prescribed form (see Annexure 4).

Trading Plans:

The Regulations recognize the concept of Trading Plans. Any Designated Person intending to formulate a Trading Plan shall consult the Compliance Officer to discuss the applicable rules and procedure. The Compliance Officer shall only approve a Trading Plan in accordance with the applicable provisions of the Regulations.

Opposite transactions in the Securities:

The Designated Persons shall not, within six months of buying or selling any number of Securities of the Company, enter into an opposite transaction i.e. sell or buy, as the case may be, any number of the Securities of the Company.

The Compliance Officer can grant relaxation from strict application of the above restriction after recording the reasons in this regard provided that such relaxation does not violate the Regulations. It may however, be noted that in terms of the Regulations, no such purchase/ sale will be permitted when the Trading Window is closed.

Notwithstanding the above, should the Designated Persons execute an opposite transaction, inadvertently or otherwise, in violation of the restrictions set out above, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the SEBI Act, 1992.

Advice regarding Pre-Clearance:

In case of doubt, the Designated Person shall check with the Compliance Officer or the Officer designated by him/her from time-to-time whether the provisions relating to *pre-clearance* are applicable to any proposed transaction in the Company's Securities.



REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES:

(a) Every Promoter, key managerial personnel, Director and Designated Person (as and when identified by the Board) of the Company shall disclose their holding, and the holding of their Immediate Relatives and of any other person for whom such person takes trading decisions, of the Company's Securities (including derivatives) to the Compliance Officer within 30 (thirty) days of the Regulations taking effect (i.e., by June 13, 2015) or forthwith on being identified as a Designated Person, as the case may be, in prescribed format **Form A**.

(b) Every person on appointment as a key managerial personnel or a Director of the Company or upon becoming a Promoter of the Company or on being identified as a Designated Person shall disclose their holding, and the holding of their Immediate Relatives and of any other person for whom such person takes trading decisions, of the Company's Securities (including derivatives) as on the date of appointment or becoming a Promoter, to the Company within 7 (seven) days of such appointment or becoming a Promoter or on being identified as a Designated Person, as the case may be, in prescribed format **Form B**.

(c) Every Promoter, key managerial personnel, Director and Designated Person of the Company shall disclose annual statements of their holding, and the holding of their Immediate Relatives and of any other person for whom such person takes trading decisions, of the Company's Securities (including derivatives) to the Compliance Officer as on 31st March every year in such form and manner as may be prescribed by the Compliance Officer from time-to-time. Such statement shall be submitted by 15th April every year.

(d) Every Promoter, Director and Employee of the Company shall disclose in prescribed format **Form C** to the Compliance Officer the number of such Securities (including derivatives) of the Company acquired or disposed by them or their Immediate Relatives and by any other person for whom such person takes trading decisions, within 2 (two) Trading Days of such transaction if the value of the Securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. 10 lakhs or such other value as may be specified. The Company shall notify the particulars of such trading to the stock exchange on which its Securities are listed within 2 (two) Trading Days of receipt of disclosure or from becoming aware of such information.

The Compliance Officer shall maintain records of all the above declarations in an appropriate form for a minimum period of 5 (five) years from the date of the filing thereof. The Company may, at its discretion, prescribe additional obligations for any other Connected Persons or a class of Connected Persons to make disclosures of holdings and trading in Securities (including the form and frequency).



PENALTY FOR CONTRAVENTION:

Every Employee, Director, Promoter and Designated Person shall be individually responsible for complying with the applicable provisions of this Code (including to the extent the provisions hereof are applicable to their Immediate Relatives). The persons who violate this Code shall, in addition to any other penal action that may be taken by the Company pursuant to law, also be subject to disciplinary action which in respect of an Employee may include wage freeze, suspension or termination of employment.

Action taken by the Company for violation of the Regulations and the Code against any person will not preclude SEBI from taking any action for violation of the Regulations or any other applicable laws/rules/regulations.

Under Section 15G of the SEBI Act, any Insider who indulges in insider is liable to a penalty which shall not be less than Rs. 10 lakhs but which may extend to Rs.25 crores or three times the amount of profits made out of insider trading, whichever is higher. Under Section 24 of the SEBI Act, anyone who contravenes the Regulations is punishable with imprisonment for a maximum period of ten years or with fine which may extend to Rs.25 crores or with both. Further, in case any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to Rs.25 crore rupees or with both.

In case it is observed by the Compliance Officer that there has been a violation of the Regulations by any person, he/she shall forthwith inform the Audit Committee of the Company about the violation. The penal action will be initiated on obtaining suitable directions from the Audit Committee. The Compliance Officer shall simultaneously inform SEBI about such violation. The person, against whom information has been furnished by the Company/Compliance Officer to SEBI for violations of the Regulations/Code, shall provide all information and render necessary cooperation as may be required by the Company/Compliance Officer or SEBI in this connection.

CLARIFICATIONS:

For all queries concerning this Code, please contact the Compliance Officer.



Annexure 1
APPLICATION FOR PRE-TRADING APPROVAL

To,
The Compliance Officer,
Gokak Textiles Limited.

Dear Sir,

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for Prevention of Insider Trading, I seek approval for purchase / sell / subscription of the _____ equity shares (including derivatives) equity shares of the Company as per details given below:

1. Name of the applicant :
2. Designation :
3. Number of securities held as on date :
4. Folio No. / DP ID / Client ID No. :
5. The proposal is for :
(a) Purchase of securities
(b) Subscription to securities
(c) Sale of securities
6. Proposed date of trading in securities :
7. Estimated number of securities proposed to be purchased/subscribed/sold :
8. Current market price (as on date of application) :
9. Whether the proposed transaction will be through stock exchange or off-market trade :
10. Folio No. / DP ID / Client ID No. :
where the securities will be credited / debited

I enclose herewith the Undertaking signed by me.

Signature : _____

Name:

Date :

Note : This application has to be necessarily submitted through electronic at the e-mail id ramanandapai@gokaktextiles.com and followed by a hard copy.



Annexure 2

UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRE-CLEARANCE

To,
The Compliance Officer,
Gokak Textiles Limited

Dear Sir,

I, _____ of the
Company residing at _____, am
desirous of trading in _____ shares of the Company as mentioned in my
application dated _____ for pre-clearance of the transaction.

I further declare that I am not in possession of any Unpublished price sensitive
information (as defined in the Company's Code of Conduct for Prevention of Insider
Trading (the Code) up to the time of signing this Undertaking.

In the event that I have access to or receive any Unpublished price sensitive
information after the signing of this undertaking but before executing the transaction
for which approval is sought, I shall inform the Compliance Officer of the same and
shall completely refrain from trading in the securities of the Company until such
information becomes public.

I declare that I have not contravened the Code as notified by the Company from time
to time.

I undertake to submit the necessary report within two Trading Days of execution of the
transaction/a 'Nil' report if the transaction is not undertaken.

I am aware that, I shall be liable to face penal consequences as set forth in the Code
including disciplinary action under the Code of the Company, in case the above
declarations are found to be misleading or incorrect at any time.

I agree to comply with the provisions of the Code and provide any information relating
to the trade as may be required by the Compliance Officer and permit the Company to
disclose such detail to SEBI, if so required by SEBI.

I declare that I have made full and true disclosure in the matter.

Signature : _____

Name:

Date :



Annexure 3

FORMAT FOR PRE-TRADING APPROVAL LETTER

Date: _____
Approval No: __ of __

To,
Mr. /Mrs. _____
Emp. No.: _____
Designation: _____

Dear Mr. /Mrs. _____

Sub : PRE-TRADING APPROVAL/DISAPPROVAL – Your application dt _____

With reference to your above application seeking approval for undertaking certain transactions in Securities (including derivatives) of the Company detailed therein, please be informed that you are / your Immediate Relative _____ is hereby authorised/not authorised to undertake the transaction(s) as detailed in your said application.

This approval is being issued to you based on the various declarations, representations and warranties made by you in your said application. This approval letter is valid till _____ (i.e. for {7} trading days from date hereof). If you / your Immediate Relative _____ do (es) not execute the approved transaction /trade on or before this date you would have to seek fresh pre-trading approval before executing any transaction/deal in the Securities (including derivatives) of the Company. Further, you are required to file the details of the executed transactions in the attached format within two {2} Trading Days from the date of transaction/deal. In case the transaction is not undertaken a —Nil report shall be necessary.

Yours truly,

Compliance Officer



Annexure 4
DISCLOSURE OF TRANSACTIONS

(To be submitted within 2 days of transaction / trading in securities of the Company)

To,
The Compliance Officer,
Gokak Textiles Limited.

Dear Sir,

I hereby inform that I
Company
on ____ (date) (strike out whichever is not applicable)

Name of holder

No. of securities traded Bought / sold /Subscribed

DP ID/Client

Folio No.

Price (Rs.)

I declare that the above information is correct and that no provisions of the Company's Rules and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).

Signature : _____

Name:
Date :

FORM A

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7 (1) (a) read with Regulation 6 (2)]

Name of the company: _____

ISIN of the company: _____

Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

1	2	3		4	5	6		7
		Type of security (For eg. - Shares, Warrants, Convertible Debentures etc.)	No.			Open Interest of the Future contracts held as on the date of regulation coming into force	Notional value in Rupee terms	

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature: _____

Designation: _____

Date: _____

Place: _____



FORM B

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7 (1) (b) read with Regulation 6(2)]

Name of the company: _____

ISIN of the company: _____

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

1	2	3	4	5	6	7
Name, PAN No., CIN/DIN & Address with contact nos.	Category of Person (Promoters/ KMP / Directors/immediate relatives/others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	% of Shareholding	Open Interest of the Future contracts held at the time of becoming Promoter/appointme nt of Director/KMP Number of units (contracts * lot size) terms	Open Interest of the Option Contracts held at the time of becoming Promoter/appointme nt of Director/KMP Number of units (contracts * lot size) terms

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature: _____

Designation: _____

Date: _____

Place: _____



FORM C

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7 (2) read with Regulation 6(2)]

Name of the company: _____

ISIN of the company: _____

Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).

1	2	3	4	5	6	7	8	9	10	11	12	Trading in derivatives (Specify type of contract, Futures or Options etc)			17	
												Buy	Value	Number of units (contracts * lot size)		
Name, PAN No., CIN/DIN & address of Promoter/ Employee / Director with contact nos.	Category of Person (Promoters/ KMP/ Directors/ immediate relatives/ others etc.)	Securities held prior to acquisition/disposal	Securities acquired/Disposed	% of Shareholding	Date of allotment/ advice/ acquisition of shares/ sale of shares specify	Date of intimation to company	Mode of acquisition (market purchase/public rights/preferential offer / off market/ Inter-se transfer etc.	Exchange on which the trade was executed	Buy		Sell		Value	Number of units (contracts * lot size)	Value	Number of units (contracts * lot size)
									13	14	15	16				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature: _____

Designation: _____

Date: _____

Place: _____

