

## Quarterly Compliance Report on Corporate Governance

Name of the Company : GOKAK TEXTILES LIMITED

Quarter ending on : 30th September, 2014



Particulars	Clause of Listing Agreement	Compliance Status (Yes/No)	Remarks
<b><u>I. Board of Directors</u></b>	<b>49 (I)</b>		
<b><u>A. Composition of Board</u></b>	49 ( I A)	Yes	
<p>(i) The Board of Directors consists of 8 members, of these the Executive Director &amp; CEO is the whole-time Director and the remaining 7 are Non-Executive Directors.</p> <p>(ii) The Company has Non-Executive Chairman who is a Promoter Director. The Company has at present 4 (four) independent directors.</p>			
<b><u>B. Non-Executive Directors' Compensation &amp; Disclosures</u></b>	49 ( I B)	Yes	
<p>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</p> <p>At present the Company has no Stock Option Scheme.</p>			
<b><u>C. Other provisions as to Board and Committees</u></b>	49 ( I C)	Yes	
<p>(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.</p> <p>(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.</p> <p>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.</p> <p>(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.</p>			
<b><u>D. Code of Conduct</u></b>	49 ( I D)	Yes	
<p>(i) The Code of Conduct for all Board members and Senior management of the Company is laid down and posted on the website <a href="http://www.gokakmills.com">www.gokakmills.com</a></p> <p>(ii) An affirmation from all Board Members and Senior Management for compliance is obtained on annual basis.</p> <p>The Annual Report of the Company to contain a declaration to this effect signed by the CEO.</p>			

<p><b>II. <u>Audit Committee</u></b></p>	<p><b>49 (II)</b></p>	<p>Yes</p>	
<p><b>A. <u>Qualified and Independent Audit Committee</u></b></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>	<p>49 (II A)</p>	<p>Yes</p>	
<p><b>B. <u>Meetings of Audit Committee</u></b></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>	<p>49 (II B)</p>	<p>Yes</p>	
<p><b>C &amp; D. <u>Powers and Role of Audit Committee</u></b></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 II (C).</p> <p>The role of the audit committee includes additional functions / features contained in Clause 49 II (D).</p> <p>Review of the functioning of the Whistle Blower Mechanism, in case the same is existing.</p>	<p>49 (II C &amp; II D)</p>	<p>Yes</p>	



<p><b>E. Review of information by Audit Committee</b> 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 (II E)	Yes	
<p><b>III. Subsidiary Companies</b></p>	49 (III)	Yes	Gokak Power & Energy Ltd.
<p><b>IV. Disclosures</b></p>	49 (IV)	Yes	
<p><b>A. Basis of Related Party Transactions</b> (i) Materially significant related party transactions are placed before the audit committee as a part of the Annual Accounts. (ii) &amp; (iii) The Company does not have any material individual transactions with related parties which are not in the normal course of business.</p>			However this will be placed as and when such transaction takes place.
<p><b>B. Disclosure of Accounting Treatment</b>  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>	49 (IV B)	Yes	Will be disclosed in the financial statements as and when applicable.
<p><b>C. Board Disclosures - Risk Management</b> Procedure to inform the Board members about risk assessment and minimization procedures and its periodical review.</p>	49 (IV C)	Yes	
<p><b>D. Proceeds from public issues, rights issues, preferential issues etc.</b> Disclosure to audit committee, the uses/applications of funds on a quarterly and annual basis.</p>	49 (IV D)	Yes	Appropriate quarterly and annual disclosures will be made when money is raised through an issue.
<p><b>E. Remuneration of Directors</b>  (i) All pecuniary relationship or transactions of all non-executive directors vis-à-vis the company if any, are disclosed in the Annual Report.  (ii) Appropriate disclosures on the remuneration of directors are made in the section on the corporate governance of the annual report.  (iii) The Company shall publish the criteria of making payments to non-executive directors in its annual report.  (iv) The Company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.  (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>	49 (IV E)	Yes	Such disclosure would be taken prior to their appointment.



<b>F. Management</b>	49 (IV F)	Yes	
(i) Management Discussion and Analysis Report and disclosures of all material financial and commercial transactions.			
(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.		Yes	
<b>G. Shareholders</b>	49 (IV G)	Yes	
(i) Required details of appointment of new Director or re-appointment of a Director forms part of the Annual Report of the Company.			
(ii) Quarterly Results are put on the Company's website <a href="http://www.gokakmills.com">www.gokakmills.com</a>	49 (IV)	Yes	
(iii) The Company has a Shareholders/Investor Grievance 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.		Yes	
(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.		Yes	
<b>V. CEO / CFO Certification</b>	49 (V)	Yes	
Certification to the Board by the Managing Director and General Manager - Finance of having reviewed the financial statements for the year.			
<b>VI. Report on Corporate Governance</b>	49 (VI)	Yes	
(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.		Yes	
<b>VII. Compliance</b>	49 (VII)	Yes	
Certification by the auditors or practising company secretary on compliance of conditions of Corporate Governance.			

For GOKAK TEXTILES LIMITED

(K.Ramananda Pai)  
Company Secretary

14th October, 2014