

## **K G DENIM LIMITED**

### **CODE OF CONDUCT**

#### **1. Applicability:**

This '*Code of Conduct*' shall be applicable to all Board Members and Senior Management Staff immediately one level below the Board Members, i.e., all Business and Functional heads

#### **2. Conduct Of Business:**

The Board Members and the Senior Management team shall conduct the Company's business in an efficient and transparent manner in meeting its obligations to those connected with the Company and to the society.

The Board Members and the Senior Management team shall not be involved in any activity that would have any adverse effect on the objectives of the company or give rise to a conflict of interest. The corporate objectives to be pursued shall be to sustain the competitive edge the company and not to indulge in any activity which is prejudicial to the interests of the company.

#### **3. Code**

All Directors and Senior Management should adhere to the standards contained in this code. The Code of Conduct for Directors & Senior Management includes but is not limited to the following:

- To act in accordance with the highest standard of personal and professional integrity, honesty and ethical conduct in the discharge of duties and promote professionalism in the company.
- To exercise independent judgement on issues of strategy, performance, policy matters, etc.
- To avoid and disclose actual and apparent conflicts of personal interest with interest of the company and to disclose all fiduciary interest, whether directly or indirectly, in transaction with the company.
- To maintain confidentiality of the company's business.
- To observe the "Code of Conduct for dealing in Equity Shares and other securities of the Company" framed under the SEBI (Insider Trading) Regulation as amended from time to time.
- Not to accept any offer, payment or anything of value from customers, vendors, consultants, etc. that could impact or influence any business decision concerning the company.
- Not to hold any office or place of profit in the company by himself or by his/her relatives without full disclosure of information in connection therewith.
- Not to divert to his/her own advantage any business opportunity that the company is in pursuit.
- Not to compete, whether directly or indirectly, with the company.

- If the Director discloses his interest, direct or indirect, in other companies or entities (either as Director, Shareholder or Otherwise) under Companies Act, 2013, that will be deemed to be sufficient compliance with this Code).
- To use reasonable care & skill in the discharge of duties and responsibilities and exercise of powers for the benefit & prosperity of the company.
- The senior management has following additional responsibilities under the code.
- Promote compliance and ethics by example - in other words, show with their behavior what it means to act with integrity:
- Make sure that those who report to them understand the code's requirements and have the resources to meet them:
- Monitor compliance with the code and observance of the ethical values of the people they supervise.
- Enforce the code; and
- Support employees who, in good faith, raise reasonable & legitimate questions or concerns. All breaches or potential breaches of the company's compliance and ethics, commitments or which one becomes aware of - whether these relate to him/her directly should be reported.

#### **4. Company Assets & Financial Integrity:**

The Directors & Senior Management has the responsibility as well as legal duty to protect the property and financial assets of the company and the confidentiality of its intellectual property. The Directors & Senior Management should be forthright and transparent about their operations and performance, accurate in the recording and reporting of data and results and exercise care in the use of its assets and resources.

#### **5. Duties of Independent Directors :**

The independent directors shall -

undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

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;

strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

participate constructively and actively in the committees of the Board in which they are chairpersons or members;

strive to attend the general meetings of the company;

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;

keep themselves well informed about the company and the external environment in which it operates;

not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

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;

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;

report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

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.

## **6. Insider Trading:**

Insider Trading is prohibited by both Law as well as by the Company's policy.

Directors and their relatives as also Employees of the Company and their '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, which is not in the public domain and thus constitute insider information. Insider Trading invokes severe penalties under the Regulations issued in India under the Securities and Exchange Board of India (SEBI) Act, 1992. "Price sensitive information" is an information, which relates directly or indirectly to a Company and which, if published, is likely to materially affect the price of Securities of a Company. It is important to note that both positive and negative information could be price sensitive.

Such price sensitive information might include but is not limited to the following:

Financial information such as profits, earnings and dividends;  
Announcement of new products, developments, etc.;  
Assets revaluation;  
Investment decisions/plan(s);  
Restructuring plans;  
Raising finances;  
Major supplies and delivery agreements; and  
Acquisition/disinvestments of business(es) or units, etc.

The purpose of this policy is both to inform of the legal responsibilities and to make clear to the Directors and Employees of the Company that the misuse of sensitive information is contrary to Company's policy and applicable securities regulation laws of India.

## **7. Adoption and Commencement:**

This Code of Conduct was adopted by the Board of Directors at its meeting held on 26.12.2005. This code shall be deemed to have come into force with immediate effect. The Board can amend/modify the provisions from time to time.