

# **Code of Conduct for Insider Trading**



**Kitex Garments Limited**

## 1. Introduction

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Company has adopted a "Code of Conduct for Prevention of Insider Trading". The objective of the Code is to prevent dealing in securities of the Company by an Insider either on his own behalf or on behalf of any other person, on the basis of unpublished price sensitive information. Consequent to revisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and its implementation by Stock Exchanges vide circular dated 15.05.2015, the Board of Directors at their meeting held on 20<sup>th</sup> July, 2015 adopted the same.

## 2. The Policy and Obligations

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Every Director and designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the company. No Director/Executive Director/General Manager and/or Key Managerial personnel and other designated employee may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

To achieve these objectives, **KITEX GARMENTS LIMITED** (hereinafter referred to as "the Company") hereby notifies that this revised code of conduct to be followed by all Directors/ Executive Directors/General Managers/ Key Managerial Personnel and their relatives and other designated employees of the company.

## 3. Applicability

This Code shall apply to all Directors/Executive Directors/General Managers/ Key Managerial Personnel and other designated employees of the company.

## 4. Definitions

In this Code, unless the context otherwise requires:

- i. **"SEBI Act"** means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- ii. **"Regulations"** means the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.
- iii. **"the Company"** means **Kitex Garments Limited**.
- iv. **"Code"** means this Kitex Garments Limited Code of Conduct for Prevention of Insider Trading, as modified from time to time.
- v. **"Dealing in Securities"** means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in the securities of Kitex Garments Limited by any person either as principal or agent.
- vi. **"Designated Employees"** means a person occupying any of the following position in the Company:
  - (a) Officers comprising the top three tiers of the company management and all the employees in finance, Secretarial and Administration department.
  - (b) The employees designated by the company to whom these trading restrictions shall be applicable keeping in mind the objectives of this code of conduct.
  - (c) any other employee as may be determined and informed by the Compliance Officer from time to time.
- vii. **"Immediate Relative"** means Spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.
- viii. **"Insider"** means any person who,
  - a. is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of Kitex Garments Limited or
  - b. has received, in possession or has had access to such unpublished price sensitive information.

ix. **“Officer of the Company”** means any person as defined in clause (59) of Section 2 of the Companies Act, 2013 including an auditor of the company.

Section 2(59) of the Companies Act, 2013 provides that “Officer of a Company” includes any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of directors or any one or more of the directors is or are accustomed to act.

x. **“Price Sensitive Information”** means any information that relates directly or indirectly to Company and which, if published, is likely to materially affect the price of securities of Company.

xi. **“Connected Person”** means :

a. any person who is or has during the six months prior to the concerned act has been associated with the 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.

b. 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,

ü an immediate relative of connected person specified in clause a. or

ü a holding company or associate company or subsidiary company; or

ü an intermediary as specified in section 12 of SEBI Act or an employee or Director thereof; or

ü an investment company, trustee company, asset management company or an employee or director thereof; or

ü an official of a Stock Exchange or of clearing house or corporation; or

ü a member of the 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

- ü a member of the Board of Director or an employee, of a public financial institution as defined in section 2(72) of the Companies Act, 2013; or
- ü an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
- ü a Bank of the Company; or
- ü 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 percent (10) of the holding or interest.

- xii. **“Director”** means a member of the Board of Directors of the Company from time to time.
- xiii. **“Employee”** means every employee of the Company including the Directors in the whole time employment of the Company.
- xiv. **“Generally available information”** mans information that is accessible to the public on a non-discriminatory basis.
- xv. **“Promoter ”** shall have the meaning assigned to in under the SEBI (Issue of Capital and Disclosure Requirements)Regulations, 2009 or any modification thereof;
- xvi. **“Securities”** shall have the meaning assigned to it under the Securities Contracts (Regulations)Act, 1956 or any modification thereof except units of a mutual fund;
- xv. **“Trading Window”** means trading period for trading in the Company’s Securities. All days shall be the trading periods except when trading window is closed.
- xvi. **“Unpublished Price Sensitive Information”** defined as 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 the securities and shall, ordinarily including but not restricted to the items as enumerated in “Price Sensitive information”.

The following shall be deemed to be **“price sensitive information”**:

- ✓ Periodical Financial Results of the Company
- ✓ Intended declaration of dividend (both interim and final, if any)
- ✓ Issue of securities or Buy-back of securities (by way of Public/ Rights/ Bonus etc.) or Buy-back of securities.
- ✓ Any major expansion plans or execution of new projects
- ✓ Amalgamation, mergers or takeovers
- ✓ Disposal of whole or substantial part of the undertaking
- ✓ Any Significant changes in policies, plans or operations of the Company;

xvii. **“Working Day”** means working day when the regular trading is permitted on concerned stock exchange where securities of the company are listed.

Words and expressions used and not defined in these regulations but defined in the SEBI Act, 1992, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 (as amended from time to time) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

## **I. Code of Conduct for Prevention of Insider Trading**

### **1.0 Compliance Officer**

1.1 The listed company has appointed Company Secretary as Compliance Officer who shall report to the Board of Directors.

### **1.2 Role of Compliance Officer**

The Compliance Officer shall be responsible under the overall supervision of the Board of Directors for the following:

- i. report on insider trading to the Board of Directors of the Company in particular, shall provide report to the Chairman of the Audit Committee if any, or to the Chairman of the Board of Directors at the end of every quarter at the immediately held meeting of the Audit Committee and Board of Directors in respect of trading in securities of the Company the Designated persons and or Employees, the trading plans and pre-clearance as approved by the Compliance Officer;
- ii. Compliance of policies and procedures and maintenance of records;
- iii. Monitoring adherence to the Rules for the preservation of Unpublished price Sensitive Information;

- iv. Maintaining records of the Designated Persons and any change made in the list of Designated Persons;
- v. The Compliance Officer shall provide guidance and clarifications sought by the Designated Employees and designated persons assist all employees in addressing any clarifications regarding the SEBI (Prohibition of Insider Trading) Regulations, 2015 and this code.
- vi. The Compliance Officer shall discharge other functions and duties as prescribed in the Code.

## **II. Preservation of "Price Sensitive Information"**

- 2.1. All information shall be handled within the Company on a need-to-know basis and not unpublished price sensitive information shall be communicated to any person except in furtherance of the Insider's legitimate purpose, performance of duties or discharge of his legal obligations.
- 2.2. Unpublished price sensitive information may be communicated, provided, allowed access to or provided, in connection with a transaction which entails:
  - √ An obligation to make an open offer under the take over regulations where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company; or
  - √ not attracting the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interest of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine.
- 2.3. However the Board of Directors shall require the parties to execute agreement to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential except for the limited purpose and shall not

otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

3.1. "Need to know" basis Means that unpublished Price Sensitive information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

3.2. All non-public information directly received by any employee should immediately be reported to the Head of the Department.

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

4.2. Employees and connected persons designated on the basis of their functional role [**"designated persons"**] in the Company shall be governed by an internal code of conduct governing dealing in securities.

5.1. Trading Plan:

An insider or a Designated Person who may be perpetually in possession of Unpublished Price Sensitive Information shall have an option to formulate a trading plan for dealing in securities of the Company and present it to the Compliance Officer for approval and publish disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

5.2. **Such trading plan shall:**

- i. not entail commencement of trading on behalf of the insider or Designated Person or their Immediate Relatives earlier than six months from the public disclosure of the Trading Plan;
- ii. Not entail trading in Securities of the Company for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
- iii. Entail trading for a period of not less than twelve months;



- iv. Not entail overlap of any period for which another trading plan is already in existence;
- v. set out either the value of trades to be effected in the Securities or the number of securities to be traded along with the nature of the trade and the intervals at, or date on which such trades shall be effected; and
- vi. Not entail trading in securities for market abuse.

5.3. The Compliance Officer shall review the Trading Plan to assess whether the plan would have the potential for violation of the Code or the Regulations and shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the trading plan as per provisions of the Regulations.

5.4. The Trading Plan once approved shall be irrevocable and the Insider of the Designated Person or their Immediate Relatives shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of the implementation. The Commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available at the time of commencement of the implementation and in such event, the Compliance Office shall confirm that the commencement ought to be deferred until such Unpublished Price Sensitive Information becomes generally available.

5.5. Upon approval of the trading plan, the Compliance Officer shall notify the plan to the Stock Exchanges on which the securities are listed.

- 5.6. The trading window shall be, inter alia, closed 7(Seven) trading days prior to and during the time the unpublished price sensitive information is published.
- 6.1.2 When the trading window is closed, the Designated Employees shall not trade in the Company's securities during such period.
- 6.1.3 All Designated Employees shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the Company's securities during periods when the trading window is closed, as referred to in the Point No. 6.1.1 above or during any other period as may be specified by the Company from time to time.
- 6.2 The Compliance Officer shall intimate the closure of trading window to all the designated employees of the Company when he determines that a designated person or class of designated person can reasonably be expected to have possession of Unpublished Price Sensitive Information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates.
- 6.3 The Compliance Officer after taking into account various factors including the Unpublished Price Sensitive Information in question becoming generally available and being capable of assimilation by the market shall decide the timing for reopening of the trading window, however in any event it shall not be earlier than forty-eight hours after the information become generally available.
- 6.4 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.

All Designated Employees, who intend to deal in the securities of the Company when the trading window is opened and if the value of the proposed trades is Rs.10,00,000 (Rupees Ten Lakhs only) (Market Value) or more should pre-clear the transaction. However, no designated person shall be entitled to apply for pre-clearance of any

proposed trade, if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed and hence shall not be allowed to trade. The pre-dealing procedure shall be hereunder:

- i. An application may be made in the prescribed forms to the Compliance Officer indicating the estimated number of securities that the Designated Employees intends to deal in the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.
- ii. An undertaking shall be executed in favour of the Company by such Designated Employees incorporating, inter alia, the following clauses , as may be applicable
  - a. That the employee/Director/Officer/Key Managerial Personnel does not have any access or has not received "Unpublished Price Sensitive Information" up to the time of signing the undertaking.
  - b. That in case the Designated Employees has access to or receives "Unpublished Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the company till the time such information becomes public,
  - c. That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time and
  - d. That he/she has made a full and true disclosure in the matter.
- iii. All Designated Employees shall execute their order in respect of securities of the Company within 7 (seven) trading days after the approval of pre-clearance is given. Thereafter a fresh pre-clearance will be needed for the trades executed in excess of Rs.10 lakhs as per

the requirement of clause 9.2 hereof. The Designated Employees shall file within 2(two) trading days of the execution of the deal, the details of such deal with the Compliance Officer in the prescribed Form. In case the transaction is not undertaken, a report to that effect shall be filed.

- iv. If the order is not executed after obtaining pre-clearance from the Compliance Officer, the concerned Designated Person shall intimate the same along with reasons thereof to the Compliance Officer within 2 (Two) trading days after the expiry of 7 (seven) trading days from the date of pre-clearance by the Compliance Officer.
- v. All 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. E.g. If 'X' or any of his immediate Relatives buy securities of the company on 1<sup>st</sup> June, 2015, then 'X' and his immediate relatives shall not sell any Securities of the Company until 31<sup>st</sup> December, 2015 and vice versa.
- vi. The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading Window is closed.

8.1 The disclosures to be made by any person under this code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

8.2 The disclosures of trading in securities shall also include trading the derivatives of securities and the traded value of derivatives shall be taken into account for purposes of this code.

8.3 The disclosures made under this code shall be maintained for a period of five years.

**9.1. Initial Disclosure:**

- i. Every Promoter/ Key Managerial Personnel/ Director of the Company within 30 days from May, 15, 2015 [the date on which the regulations come into force] shall forward to the Company the details of all holdings in securities of the Company presently held by them including

the statement of holdings of dependents family members in the form prescribed by SEBI.

ii. Every person shall within 7 (seven) days of his or her appointment as a key managerial personnel or a Director of the Company or upon becoming a promoter shall disclose the details of Securities held by him or her in the form prescribed by SEBI.

I. Every Designated person, promoter, employee and director of the Company shall disclose to the Company the number of such securities acquired or disposed of 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. Ten lakhs in form prescribed by SEBI

II. The disclosure shall be made within 2 working days of :

- a. the receipt of intimation of allotment of shares or
- b. the acquisition of sale of shares or voting rights as the case may be

i. Within 2 days of the receipt of intimation under clause 9.2, the Compliance Officer shall disclose to all Stock Exchanges on which the Company is listed, the information received in the same form as prescribed by SEBI.

ii. The Compliance officer shall maintain records of all the declarations in the appropriate form given by the Directors/ Officers / Designated Employees for a minimum period of five years.

### **III Dissemination of Price Sensitive Information:**

- i. No information shall be passed by Designated Employees by way of making a recommendation for the purchase or sale of securities of the Company.
- ii. Disclosure/dissemination of Price Sensitive Information with special reference to analysis, media persons and institutional investors.

10.1. Every Designated Employees shall be individually responsible for complying with the provisions of the Code {including to the extent the provisions hereof are applicable to his/her dependents}

10.2. Any Designated Employees who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalized and appropriate action may be taken by the company.

- 10.3. Designated Employees who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in ESOPs etc
- 10.4. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI [Prohibition of Insider Trading] Regulations, 2015.

The Company shall adhere to the following principles of Fair Disclosure for the purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

- i) Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available. The company shall also upload such Unpublished Public Information on the Company's official website i.e. [www.kitexgarments.com](http://www.kitexgarments.com) after the disclosures is made to the stock exchanges.
- ii) The Company shall make uniform and universal dissemination of unpublished price sensitive in the manner described above and shall not disclose unpublished Price Sensitive Information on a selective basis.
- iii) The Board of Directors of the Company has designated the Company Secretary and Chief Financial Officer as Chief Investor Relations Officers who shall deal with dissemination of information and disclosure of Unpublished price sensitive information.
- iv) In the event of any Unpublished Price Sensitive Information getting disclosed selectively, inadvertently or otherwise, the Company shall promptly disseminate such Unpublished Price Sensitive Information to the Stock Exchanges and on its official website to make it Generally Available Information. In the event of any query or request for verification about the news reports or market rumors by regulatory authorities, the Chief Investor Relations Officer shall fairly and appropriately respond to such queries and requests.
- v) The Company shall ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
- vi) In order to avoid misrepresentation or misquoting, endeavour shall be made that atleast two Company Representatives are present in the meetings or conference calls with analysts, brokers or institutional

investors. The transcripts of aforesaid conference calls or records of the proceedings of the meetings shall be made available on the official website of the Company in order to make the information shared with analysts, brokers or institutional investors Generally Public Information.

- vii) There shall be limited access to Unpublished Price Sensitive information. Unpublished Price Sensitive information shall be disclosed on need to know basis only to those persons who need the information for legitimate purposes to discharge their duty or legal obligations.

This code of conduct was revised vide Board Meeting dated January 25, 2016 and shall come into immediate effect.

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